

# BUSINESS WEEK

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CAN ANYTHING BE  
DONE ABOUT IT?  
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A MCGRAW-HILL PUBLICATION

NOV. 14, 1953

TWENTY-FIVE CENTS



FOLDING  
CHAIRS



SCHOOL DESKS,  
TABLES, CHAIRS



TRANSPORTATION  
SEATING



CHURCH FURNITURE



STADIUM SEATS



THEATRE AND  
AUDITORIUM SEATING



**JOBS HANDLED:** Payroll Writing with Automatic Tax Computing  
• Payroll Analysis • Wage Accrual & Labor Distribution by Order,  
Part Number and Department • Labor & Material Accounting •  
Material Records • Government Reports • Miscellaneous Accounting.

***"Nationals* save us \$60,000 a year ...  
return 140% annually on our investment."**

—AMERICAN SEATING COMPANY, Grand Rapids, Mich.  
"World's Leader in Public Seating"

"Our National Accounting Machines, which cost \$43,000, save us \$60,000 a year in accounting expense. This saving repays their cost every 9 months, and returns us about 140% annually on our investment.

"Payroll work alone formerly required 22 people, but is now done by 14—and done better, smoother and without bottlenecks. New employee

training has been greatly simplified.

"Results have exceeded our expectations. Our satisfaction with such improved performance and reduced expense prompts us to express our unqualified endorsement."

*J. M. Verlake*  
Controller, American Seating Co.

In all types of business, Nationals pay for themselves out of the money they save, continue savings as handsome yearly *profit*. National's exclusive combination of features does up to 2/3 of the work automatically. (Operators accomplish their work more easily, too.) Your nearby National representative will gladly show how much *you* can save with Nationals.

**THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO**

*National*

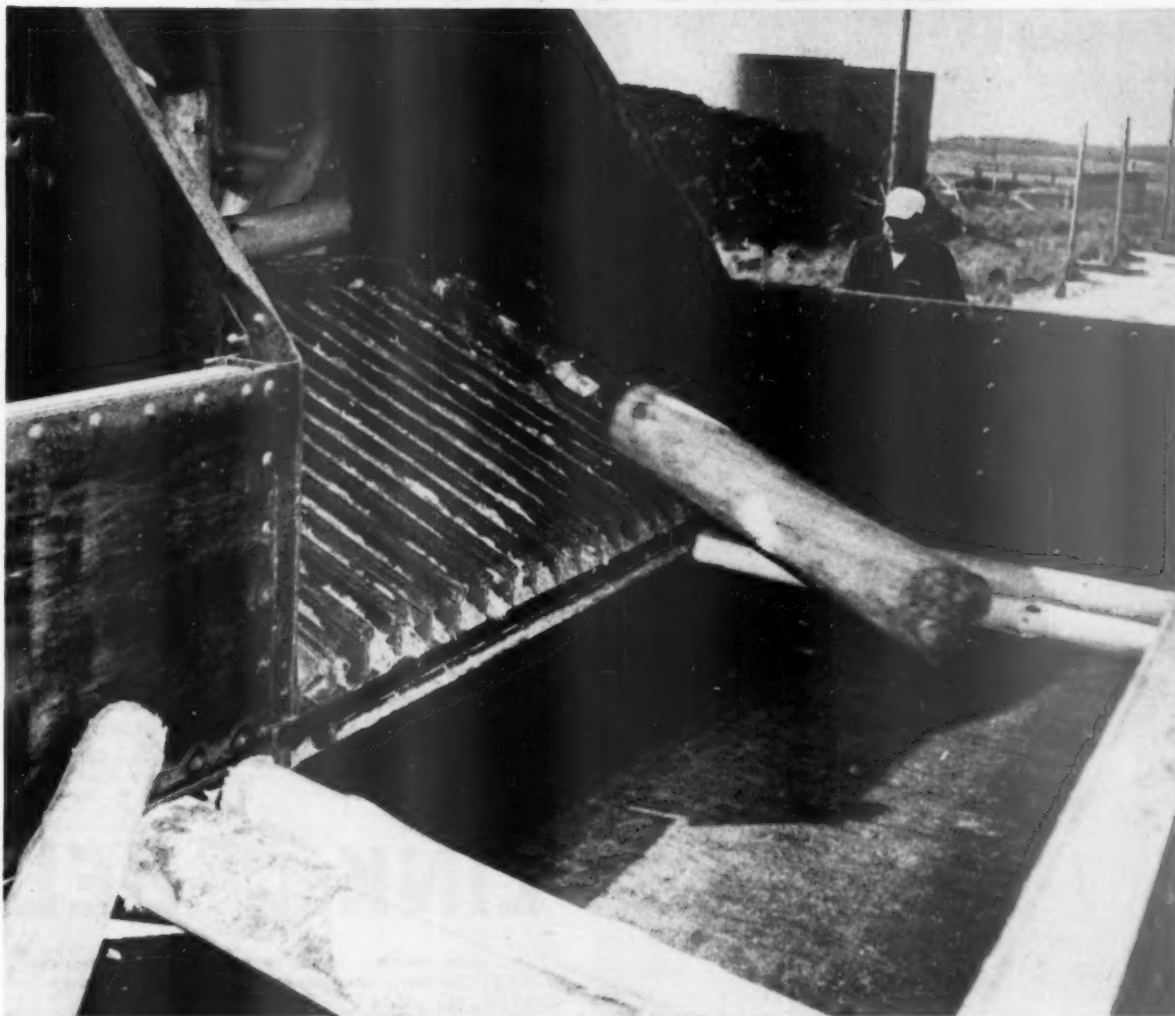
ACCOUNTING MACHINES  
ADDING MACHINES • CALCULATORS



RESEARCH KEEPS

# B.F. Goodrich

FIRST IN RUBBER



## 24 million whacks on the back

### *A typical example of B. F. Goodrich improvement in rubber*

HERE'S the last lap for logs on their way to being paper boxes. After the bark is removed, the logs crash down on the moving belt from all angles—edgewise, endwise, flat, anyway they happen to tumble from the chute.

Engineers knew that the steady stream of 37,000 logs a day would tear ordinary belts to shreds in no time. And while replacements were made, production would be at a standstill.

A B. F. Goodrich man heard of the problem and told the paper company about the B. F. Goodrich cord belt. Unlike the usual conveyor belt, made

of rubber and layers of fabric, this improved belt is made of individual cords each embedded in rubber. The B. F. Goodrich belt has all the flexibility of rubber plus hundreds of cords to give strength and load-carrying power. Where crashing blows might tear other belts, the B. F. Goodrich cords-in-rubber can "give", and so take up the shock and spring back in position.

The B. F. Goodrich belt was installed, and has carried over 24 million logs in its 2½ years on the job. With its ability to withstand cutting, gouging and heavy loads, it shows very little wear and is expected to last years longer.

The B. F. Goodrich policy of never being satisfied where improvement is possible—whether in conveyor belts or other products—makes this example of product improvement "typical". Because it is, you'll find it important to look into the improvements B. F. Goodrich may have made recently in the rubber products used in your business. Your BFG distributor can tell you about them, or write *The B. F. Goodrich Company, Dept. M-120, Akron 18, Ohio.*

**B.F. Goodrich**  
**INDUSTRIAL PRODUCTS**  
**DIVISION**

# Yesterday's wasteland...

## today's harvest land

*Farmers boost yield per acre with commercial fertilizer from plants designed, equipped and built by Link-Belt*

**T**ODAY fertilizer is being produced commercially at a rate nature cannot match. Improved techniques provide low-cost fertilizers with exact amounts of specified elements thoroughly blended.

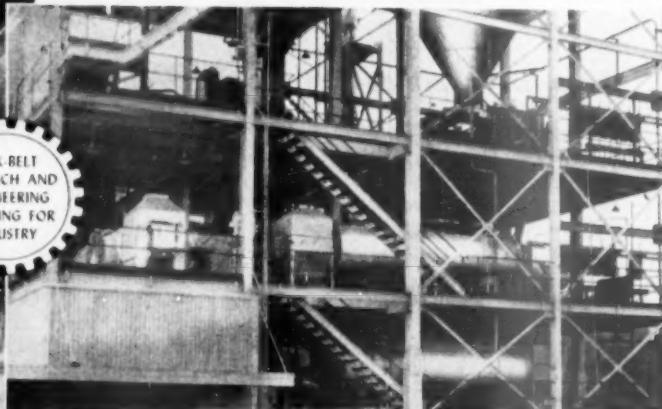
As a leading manufacturer of conveying, processing and power transmission machinery, Link-Belt plays an important role in this development . . . offers producers a unified, single-contract responsibility. Link-Belt performs the testing, develops the process, makes the equipment, erects the plant and puts it in full operating readiness.

In this and many other fields, Link-Belt does far more than supply equipment. You are invited to investigate Link-Belt's total engineering facilities. Call your near-by Link-Belt district sales office.



**One source . . . one responsibility for materials handling and power transmission machinery**

**LINK-BELT COMPANY:** Executive Offices, 307 N. Michigan Ave., Chicago 1. To Serve Industry There Are Link-Belt Plants and Sales Offices in All Principal Cities. Export Office, New York 7; Canada, Scarboro (Toronto 13); Australia, Sydney; South Africa, Springs. Representatives Throughout the World. 12,358



Ammonium nitrate plant, shown before completion of building, reveals variety of Link-Belt equipment used in conveying, drying, cooling, mixing, elevating, screening. For complete facts on Link-Belt equipment for commercial fertilizer plants, send for Book 2459.

*Photo (left) courtesy Farm Quarterly*

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ADVERTISING & BUSINESS MANAGER Herman C. Sturm

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BUSINESS WEEK • Nov. 14, 1953



ELWELL PARKER TRUCKS

Built Up to Quality,  
Not Down to Price!

● Elwell-Parkers commonly give 15 to 20 years' service. The cost to maintain them is low. Thus they repay their cost many times over.

Firms throughout the world, whether they use one truck or a hundred, rely on Elwell-Parker's reputation for dependability and long life. They have continued to buy them year after year for more than forty years.

Such a reputation is only gained through the policy of "building up to quality—not down to price". There are cheaper trucks on the market, but dollar for dollar Elwell-Parkers are the best!

Look beyond first cost . . . buy trucks built to match the finest machines in your plant . . . buy Elwell-Parkers!

## FREE CATALOG

describes 80 or more E. P. models and their features. Write The Elwell-Parker Electric Co., 4012, St. Clair Ave., Cleveland 3, O.



**ELWELL-PARKER**  
Power Industrial Trucks  
Since 1906



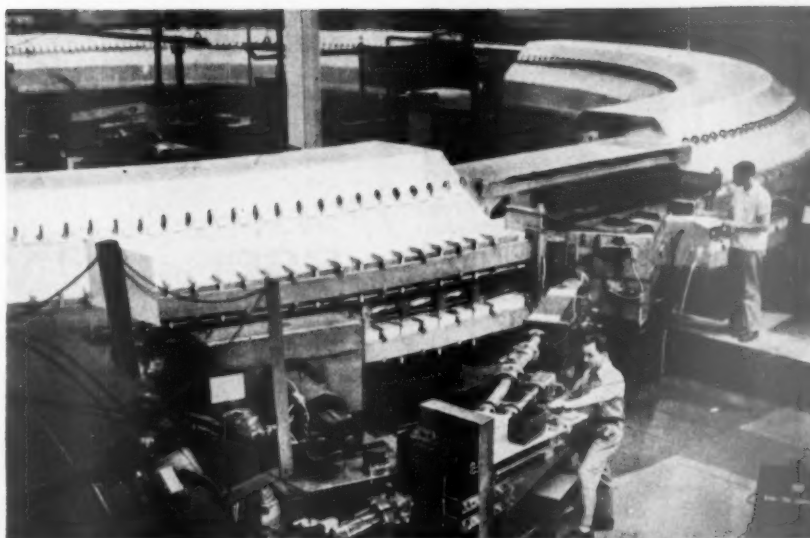
# Look What's New In Metals

ANACONDA TAPS A BIG NEW ORE DEPOSIT IN NEVADA ... MAKES SPECIAL COPPER WINDINGS FOR  
BROOKHAVEN'S COSMOTRON ... AND PIONEERS A LEAD-IN LINE TO IMPROVE TV RECEPTION





**NATION'S NEWEST COPPER MINE STARTS PRODUCING.** You are looking at Anaconda's new open pit mine at Weed Heights near Yerington, Nevada. Before ore could be economically mined, millions of tons of waste material—what miners call “over-burden”—had to be removed. On November 10, the project was officially opened as the big shovels took seven-ton bites of copper ore, and the plant swung into operation. From this new mine 60,000,000 pounds of copper will soon be available each year to meet U. S. metal needs. ↓



**COPPER HELPS DUPLICATE COSMIC RAYS.** The Cosmotron at Brookhaven National Laboratory on Long Island, N. Y., is the world's largest atomic “accelerator”—five times more powerful than any other. Its giant electro-magnet called for special windings. These were so big they had to be made in the form of rectangular copper bars—some as long as 52 feet—with a water-cooling hole throughout the entire length. The American Brass Company, an Anaconda subsidiary, solved the problem. An unusual job? Yes—but it shows the extent of service Anaconda offers industry.

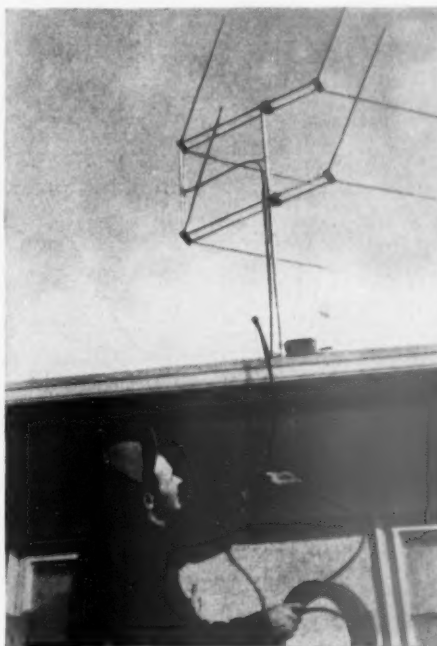
**WANT A SHARPER PICTURE ON YOUR TV SET?** The higher the frequency, the more TV signals tend to fade out from antenna to set, especially on rainy days. For the clearest image and best sound on *all* channels—UHF and VHF—ordinary TV lines won't do. Leading set-makers recommend *Foam-Line*®, a new type made only by Anaconda Wire & Cable Company. Its two wires float in plastic foam, giving the best possible reception in all kinds of weather.

©Pat. Applied For

**T**HESE are typical examples of how Anaconda and its manufacturing subsidiaries constantly seek new and better ways of doing things. They make products as varied as *lead-covered* electrical cables, *copper-alloy* welding rods and flexible *steel* hose.

Each Anaconda subsidiary is a leader in its field. And—as part of a fully integrated business enterprise working with *many* metals—each is better able to serve you . . . *today and tomorrow.*

502268



# ANACONDA

**PRODUCERS OF:** Copper, zinc, lead, silver, gold, platinum, cadmium, vanadium, selenium, manganese ore, ferromanganese and superphosphate.

**MANUFACTURERS OF:** Electrical wires and cables, copper, brass, bronze and other copper alloys in such forms as sheet, plate, tube, pipe, rod, wire, forgings, stampings, extrusions, flexible metal hose and tubing.

“ANACONDA” IS A REGISTERED TRADEMARK



# GIVING PILOTS

**1923** Sperry high intensity arc revolving beacons and high intensity arc airport floodlights, installed at regular intervals, guided the first Air Mail night flights between Chicago and Salt Lake City. As night flying expanded, Sperry supplied 24-inch incandescent revolving beacons to light the airways.



# "SECOND SIGHT"...

another Sperry first... 1923

With the development of powerful searchlights to light the airways 30 years ago, night flying became possible. Thus Sperry began giving pilots "second sight"—a project that has never ended. Among the major achievements are the Gyro-Horizon, giving the pilot an accurate artificial horizon when the natural horizon is blotted out by fog or darkness... the Directional Gyro, assuring a straight course, unaffected by magnetic disturbances that set magnetic compasses spinning... the Automatic Approach Control, that guides the aircraft along a precise path to the runway in response to signals from the instrument landing system.

Military, commercial and private planes depend on these and other precision Sperry equipment, either produced in Sperry's own plants—or by companies licensed to use Sperry patents.

## TODAY, AS THEN, SPERRY LEADS THE WAY

Working with the Government's Military/Civil Air Navigation Development Board and the U. S. Weather Bureau, Sperry engineers are now tackling one of the last remaining obstacles to routine instrument approaches under all-weather conditions—the lack of continuous accurate information for the pilot regarding actual weather conditions existing in the final approach area. When this problem is solved—as it will be—Sperry will again have contributed significantly in giving pilots "second sight."



**1929** Lieutenant "Jimmy" Doolittle, in hooded cockpit of Consolidated NY-2 made first complete "blind" flight over Mitchel Field, Long Island. Using Sperry Gyro-Horizon and Directional Gyro, Doolittle took off, flew over 15 miles and landed "blind."



**1937** Captain Carl J. Crane, Captain George V. Holloman and Raymond K. Stout, flying an Air Corps Fokker Y1C-14, made first completely automatic landing using Sperry Automatic Pilot and radio guidance.



**1941-45** Sperry radar enabled Navy pilots to seek out and destroy enemy aircraft in the air—and submarines at sea. The Sperry-developed Klystron tube made such radar possible.



**1953** Sperry engineers at their MacArthur Field Flight Research Base amass data on hundreds of "limited visibility" landings during the current weather research project.



Tomorrow, Sperry-developed radar, above, will be employed in storm warning, terrain clearance, collision prevention, and in navigating on radar beacons—insuring even safer flight and giving the pilot the ultimate in "second sight."

**SPERRY** *GYROSCOPE COMPANY*  
DIVISION OF THE SPERRY CORPORATION  
GREAT NECK, NEW YORK



One of a series of advertisements commemorating the Fiftieth Anniversary of Powered Flight.

# IN THE PLANTS OF **CURTISS** CANDY COMPANY

producers of the world's biggest-selling candy bar



## Dearborn

**WATER TREATMENT AND ENGINEERING SERVICE**  
help maintain trouble-free boiler operation...at minimum maintenance cost.

Curtiss Candy Company, like many leading firms, relies on Dearborn to help protect its valuable equipment against unnecessary breakdowns; costly repairs. If you operate a steam boiler, large or small, why not consult your Dearborn Engineer for recommendations that meet your production and maintenance requirements.

WHY YOU CAN RELY ON *Dearborn*

Dearborn has specialized in the conditioning of water and the control of corrosion since 1887. This broad experience in water treatment and rust prevention—plus Dearborn's extensive laboratory and research facilities are at your service...at no obligation. You'll find it will pay to...



◀ **know your Dearborn engineer**

## Dearborn

TRADE MARK

**COMBATting CORROSION EVERYWHERE SINCE 1887**

Dearborn Chemical Company, Merchandise Mart Plaza, Chicago 54, Ill.

## READERS REPORT

### Mightier than H-bombs

Dear Sir:

We were profoundly interested in the cover story on John Foster Dulles [BW—Oct. 24 '53, p134].

The statement on the cover, "Moral force is the only super-weapon left," struck us with full force and effect, and we realized only then how true it really is.

We'd be interested in knowing whether this is a condensation of some writer on the staff of BUSINESS WEEK, or if it is Dulles' own phrase. . . .

CORNELIUS J. HUYSEN

GENERAL INSURANCE  
DETROIT, MICH.

• This was a BUSINESS WEEK phrase, but it echoes sentiments expressed by Secretary of State Dulles both in speeches and in his book, War or Peace.

Dear Sir:

I think that the editors of BUSINESS WEEK are becoming "dull, duller, duller" when they apparently cannot distinguish between the comparison of an adjective and the conjugation of a verb. I refer to the following sentence on page 137 of the Oct. 24 issue of BW.... "Wisecracks on Capitol Hill and Embassy Row ridiculed him by conjugating his name, 'dull, duller, Dulles.'"

EDWARD A. CORBOY

WASHINGTON 5, D. C.

### Ulcers . . . without Hysteria

Dear Sir:

Re the Personal Business Column [BW—Sep. 19 '53, p183], I was very much impressed with the editorial material you presented on ulcers. It is easily understood, straightforward, accurate, and presented without hysteria.

As an ulcer sufferer, I am very glad to see this ailment getting some attention. Although not as serious as cancer and polio, it nevertheless is very common and a hindrance to personal efficiency. . . .

H. J. HOLTZ

ASSOCIATE EDITOR  
NEW EQUIPMENT DIGEST  
CLEVELAND, OHIO

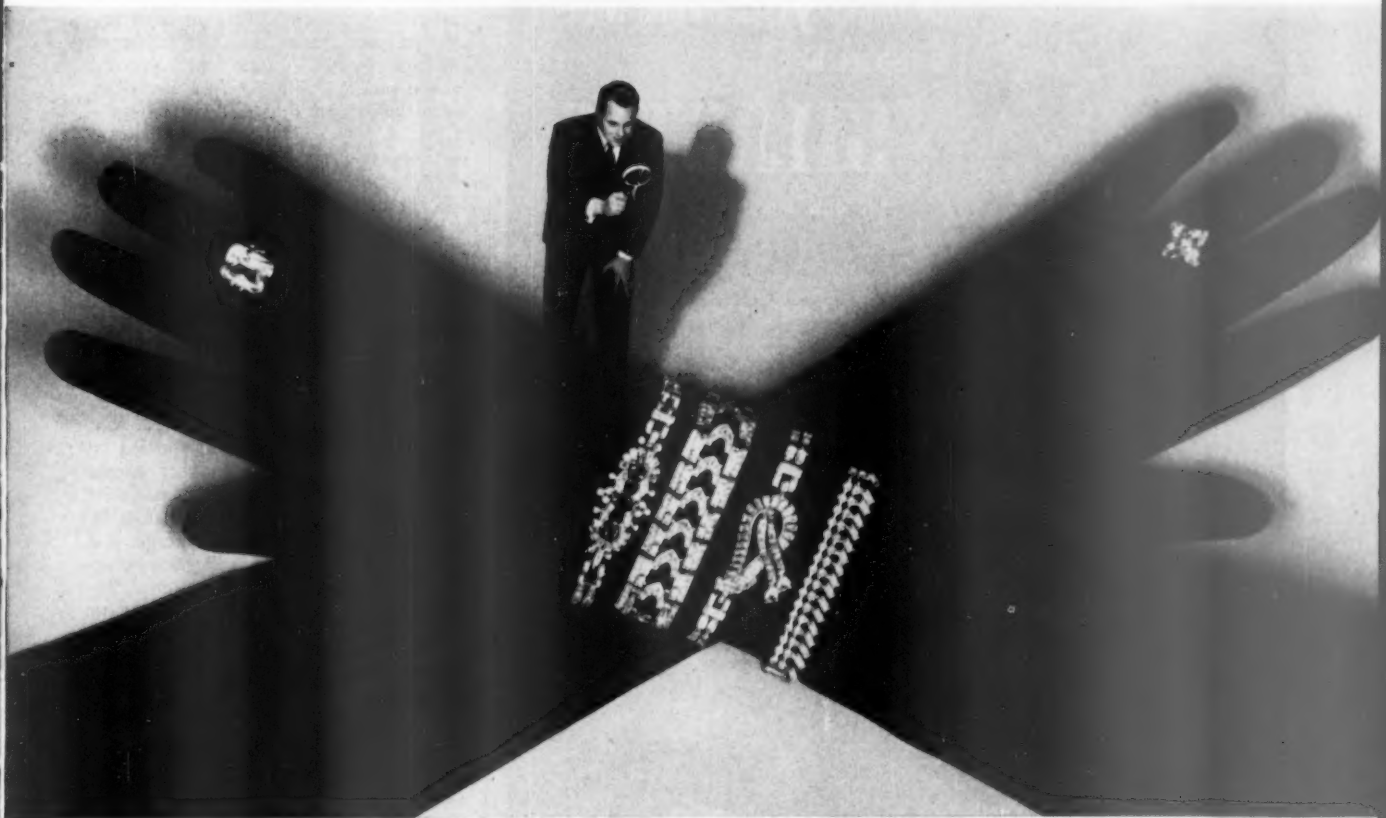
### The Blown Fuse Problem

Dear Sir:

. . . At its meeting held in Washington, D. C., on Oct. 14, the Business Development Committee of the National Electrical Contractors Association reviewed the article entitled, The Boom That Has Led to a Crisis [BW—Oct. 3 '53, p103], which concerned the



Where's the limit to what **YOU** can do with  
**CARBORUNDUM's** "man-made minerals"?



**HIGH FASHION** in costume jewelry gets a good deal of its glamor and brilliance from Polishing Compounds by CARBORUNDUM. Grains of the "man-made minerals," silicon carbide and aluminum oxide, finer than talc, are compounded into pastes and applied to the work with a buffing wheel. Settings and stones alike—gem stones or synthetics—gleam and sparkle for a lifetime under this treatment.

Made by the Bonded Products and Grain Division

Important as abrasives, yes...but the "man-made minerals," silicon carbide and aluminum oxide, have been exploited by The Carborundum Company far beyond that original use. The present areas of service stretch across the bottom of this page—and there are more to come. Throughout industry, inquisitive research scientists are experimenting with various combinations of the characteristics of CARBORUNDUM's "man-made minerals"—the

physical, thermal, chemical and electrical properties—and applying them in intriguing, profitable, cost-cutting ways.


*We have a comprehensive brochure that points up many of these new combinations, and suggests how you too can develop one of your own, to solve a problem that's confronting you. We'll gladly put a copy in your hands, if you will but write for it on your business letterhead.*

Ask **CARBORUNDUM** for help  
REGISTERED TRADE MARK  
on your problems that "man-made minerals" may solve

THE CARBORUNDUM COMPANY, Room 112, NIAGARA FALLS, N. Y.

Manufacturers of Refractories • Heating Elements • Resistors • Metal Additives • Grinding Wheels • Coated Abrasives • Sharpening Stones • Abrasive Grains

86-512



There's no end to the number of things **you** can do with a rubber like this . . .

# SILASTIC

THE DOW CORNING SILICONE RUBBER

**FOR EXAMPLE:**  
On the high flying Convair B-36, jet nacelle intake doors are kept operable under icing conditions by resistance heaters embedded in Silastic. bomb bay doors are sealed with Silastic tubing that stays flexible at —130 F. • Spark plug boots molded of Silastic withstand sub-zero weather and engine temperatures, make cars easy to start on wet, cold mornings. • "Cooking without looking" on new electric range made possible by "Electronic Eye" embedded in Silastic paste. • Life and reliability of traction motors on modern railroads are greatly increased by winding coils with Silastic R Tape.

- WON'T MELT OR HARDEN AT 500 F.
- WON'T CONDUCT ELECTRICITY
- WEATHER DOESN'T HURT IT
- WATER WON'T WET IT
- DRY ICE CAN'T FREEZE IT

**are you looking for  
NEW BUSINESS?**

SILICONES cut production costs; improve the performance and sales appeal of products ranging from clothing to jet engines. Mail coupon today for more information.

\*U.S. REG. U.S. PAT. OFF.

DOW CORNING CORPORATION, Dept. E-11, Midland, Michigan

Please send me  
☐ Toll Tapes and Fabulous Facts, a painless introduction to silicones.  
☐ 1953-54 Reference Guide to Dow Corning Silicone Products.

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 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_



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(Silver Spring, Md.)  
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threat to the expanding use of electricity posed by the inadequacy of the electrical system in existing structures, particularly residences.

This is an excellent report on a condition our industry has been worrying with for many years. It is most gratifying that BUSINESS WEEK has recognized it and given a very accurate . . . report to its readers.

The Committee takes this means of expressing its appreciation for this important contribution to the welfare of the public which is importantly affected by the public's ability to use electricity safely, efficiently and economically.

GEORGE B. ROSCOE

SECRETARY  
 BUSINESS DEVELOPMENT COMMITTEE  
 NATIONAL ELECTRICAL CONTRACTORS  
 ASSN., INC.  
 WASHINGTON, D. C.

## No Surprise to Georgia

Dear Sir:

Your article on *Two Days That Startled Georgia* [BW—Sep. 12 '53, p31], is rather misleading. . . . We feel that the great state of Georgia is startled by nothing the so-called Yankees might attempt . . . to do with their cherished state and property. After all, a man by the name of Sherman gave Georgia one of her most slithering rides, as you exemplify them, and we have found, being in the aircraft moving business for the past twenty years, that Georgia remains more staid and settled and co-operative than the majority of the other states in the Union. . . .

Being professionals . . . we do not ask for the fanfare that has been given the boys in training, and do sincerely say that with what equipment they had they possibly did perform quite a feat. . . .

One of the qualities we appreciate in BUSINESS WEEK is its absolute sincerity in depicting true conditions, and we pass this information on to you and your readers only to let it be known that heavier and bulkier loads are being, and can be, handled through the state of Georgia and her forty-seven sister states without startling anyone.

THOMAS W. MURRAY

PRESIDENT  
 U.S.A.C. TRANSPORT, INC.  
 DOVER, DEL.

## Who Buys and Where

Dear Sir:

The Oct. 3 and Oct. 17 issues of BUSINESS WEEK have recently passed across my desk. I would agree completely with what you have said in *The Trend*, under the title, *Not By Talk Alone* [BW—Oct. 3 '53, p200], and also with the points which you made under



## 1 of every 8 Phillips Employees is a Technical Graduate

The broader the diversification of an oil company, the greater is the need for specialized technical talent. Which explains why Phillips Petroleum Company has well over 2,700 technical graduates among its more than 22,000 employees.

Some of these scientists and engineers work constantly to produce and improve our automotive fuels and lubricants. Others are engaged in the development and manufacture of such widely diversified products as carbon black, butadiene, chemical fertilizers, synthetic rubber, sulfur compounds and chemicals used in synthetic fibers.

With this technical talent constantly studying the world's most versatile raw materials—crude oil and natural gas—prospects are good for the still further diversification of Phillips operations and markets.

270	MATHEMATICIANS, PHYSICISTS, ETC.
167	ELECTRICAL ENGINEERS
200	PETROLEUM ENGINEERS
247	CIVIL ENGINEERS
297	GEOLOGISTS
469	MECHANICAL ENGINEERS
448	CHEMISTS
689	CHEMICAL ENGINEERS
2,766	



PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma

*We Put the Power of Petroleum at America's Service*

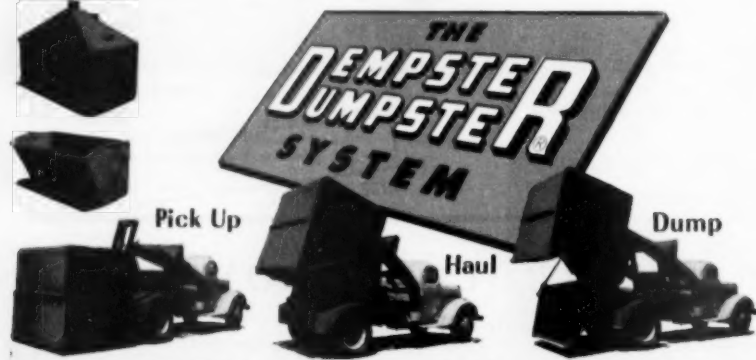


## You will Dump High Costs, too...

**when you install the Dempster-Dumpster System of bulk materials handling.**

Manufacturers over the nation have learned to eliminate the costly and inefficient method of handling bulk materials with conventional dump trucks, drivers and loading crews. You can equip one truck with a hydraulically operated Dempster-Dumpster. Then, inside or outside buildings at convenient accumulation points, you simply place detachable Dempster-Dumpster Containers, in capacities up to 4 times that of conventional dump truck bodies, with each designed to suit the materials to be handled—be they solids, liquids or dust... hot or cold... bulky, light or heavy. Containers shown at left, all handled by one Dempster-Dumpster, are only a few of the many available or that can be built to meet your needs. The Dempster-Dumpster, operated by only one man, the driver, serves scores of containers—one after another, as shown below.

You eliminate trucks standing idle. You eliminate re-handling of materials. You eliminate loading crews. You increase efficiency, sanitation and good plantkeeping with this Dempster-Dumpster System—the lowest cost method of bulk materials handling ever devised! Write to us for complete information. Manufactured exclusively by Dempster Brothers, Inc.



**DEMPSTER BROTHERS, 4113 Dempster Bldg., Knoxville 17, Tenn.**

the title, *The Customers Are Flush*, [BW—Oct.17'53,p200].

What the consumer thinks of the values offered him will determine to a large degree how much he spends, particularly for durables, but also for non-durables, under present and foreseeable conditions.

ERNST A. DAUER  
DIRECTOR OF CONSUMER CREDIT STUDIES  
HOUSEHOLD FINANCE CORPORATION  
CHICAGO, ILL.

Dear Sir:

The article, *Downtown Isn't Dead by a Long Shot* [BW—Oct.24'53,p41], was very good, but nowhere did I see what car owners consider a very real reason why they don't shop downtown. Their objection in the Chicago loop area is the usual \$1.00 parking fee. . . .

RICHARD G. SCHREIBER  
ADMINISTRATOR  
OTTUMWA HOSPITAL  
OTTUMWA, IOWA

## Canada's Big Exhibition

Dear Sir:

Re page 102, BUSINESS WEEK, Oct. 24, I am a bit surprised to learn that the Canadian International Trade Fair at Toronto had an attendance of over 2-million. Surely you refer to the Canadian National Exhibition which is held in Toronto for two weeks and two days the latter part of August and the early part of September, each year.

C. C. ASHCROFT  
ALDERSHOT, ONT.  
CANADA

• Yes.

## Aid of a Different Shade

Dear Sir:

It appears that you have scratched the wrong back. Your article on page 128 of the Oct. 24 issue is titled *More State Aid, (Socialism?)*, whereas it could have been titled *More Private Aid, (Free Enterprise in Action?)*.

R. A. MACDONALD  
THE FARMERS & MERCHANTS NATIONAL  
BANK OF LOS ANGELES  
LOS ANGELES, CALIF.

• The Massachusetts Business Development Corp. described in the article is a private corporation that will lend money to Massachusetts companies that need it or to new companies that want to start operations in the state.

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 36, N. Y.



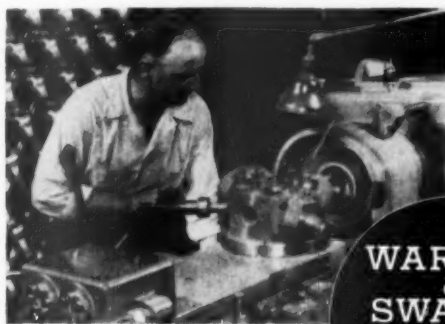
**Jobs and prosperity are made by  
new machines on your floor  
not dollars on your books**

**I**t's always the low-cost plant that provides more jobs for workers, greater values for everyone. But to *be* a low-cost plant, management has to recover its capital fast enough to keep buying modern machines. Even the accumulation of a dozen years of reserves on your books won't compete with new machines in your competitors' plants.

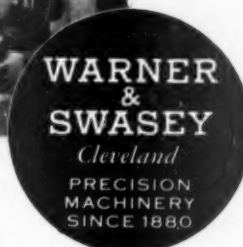
Management should be allowed by law

to recover capital fast enough to keep its plants competitive. An obsolete plant may turn out good products but at a higher cost. The public soon pays the penalty in higher prices, but not for long—*it stops buying*. Then the obsolete plant pays no taxes, produces no goods, provides no jobs.

Yes, the rate of depreciation is *very* important these days, to *everyone*.



16" Electro-Cycle Turret Lathe  
machining vacuum sweeper part.



YOU CAN PRODUCE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY MACHINE TOOLS, TEXTILE MACHINERY, CONSTRUCTION MACHINERY

# How to get the best discount on your next truck tires

#10 in a series of advertisements directed to every executive  
concerned with more efficient truck operation

Note that the headline on this page reads "*best discount*," not *biggest discount*.

There's a big dollars-and-cents difference.

The buyer who is sold by the *biggest discount* must necessarily assume that all tires deliver exactly the same mileage. He cannot count on any savings with recap mileage. He must ignore a tire's suitability to his particular kind of trucking. He must buy on price alone.

The buyer who shops for the *best discount* knows that first cost is just one of several important factors in tire buying. He considers *all* of the requirements listed below . . . and his savings can run up into the hundreds of dollars per truck every single year.

## Make the tire fit the job EXACTLY

Make sure the tires you buy are built specifically for *your* truck speeds, loads and roads. Remember that it's tire performance—not the discount you get—that pays off on the highway.

To illustrate: Modern, heavy-load, high-speed trucking demands a tire with tremendous resistance to heat build-up. So Kelly-Springfield developed an extra cool-running tire that has practically eliminated this source of tire failure.

Similarly, Kelly has built off-the-road tires, delivery truck tires, *every* kind of tire—each with extra strength

exactly where it's needed most.

This Kelly principle—job designing—leaves no "weak links" to cause premature tire failure, pays off with *extra months of dependable tire performance*.

## Buy tires built to TAKE RECAPS

Recap mileage is the most inexpensive mileage you can buy. It costs about half as much per mile as "first rubber" mileage. But recaps depend on the quality of the most expensive part of the tire—the body—and it's not logical to expect many recaps from tires built to sell at big discount prices.

For a real bargain in extra recap mileage, look for quality features like those found in today's new Kellys:

- Newly perfected, prestretched, stabilized cord that adds far greater strength to the tire body.
- New compounding methods that provide stronger, cooler-running insulation and cushion between plies.
- New over-all design that enables the tire body to flex and recover millions of times, to take bruising punishment without undue fatigue or build-up of heat.

## Compare brands on a COST-PER-MILE BASIS

Here's the real "tell" on tire economy. When the results are all in, which tires

deliver more miles for the money?

You have a good indication of favorable results when you see long-wear features like Kelly's famous Armorubber, or Kelly's road contour tread design that puts more "working" rubber on the road. But the best evidence is brand comparison by actual cost-per-mile records of your own trucks.

If you have not made this kind of test within the past two years, try it. It may pay you well. Compare your present tires, any tires, with Kellys and let the results tell you the story. You'll see why Kelly welcomes this kind of test.

\* \* \* \* \*

Your Kelly Dealer is ideally qualified to help you get the *best* tire discount you've ever had. He has the facts. He has the tires. And he has the service facilities to help you get maximum mileage from your tires at lower final cost. Ask him about it today.

## FREE! Valuable Case History and Data Booklets

No claims, no "sell"—just plain facts and figures taken from truckmen's own tire cost and performance records. These case histories cover all types of industries, all kinds of trucking operations—tell you what kind of economies you can expect when you roll on Kellys. Write for them today to: The Kelly-Springfield Tire Company, Cumberland, Maryland.

There's a tough KELLY



for every trucking job!

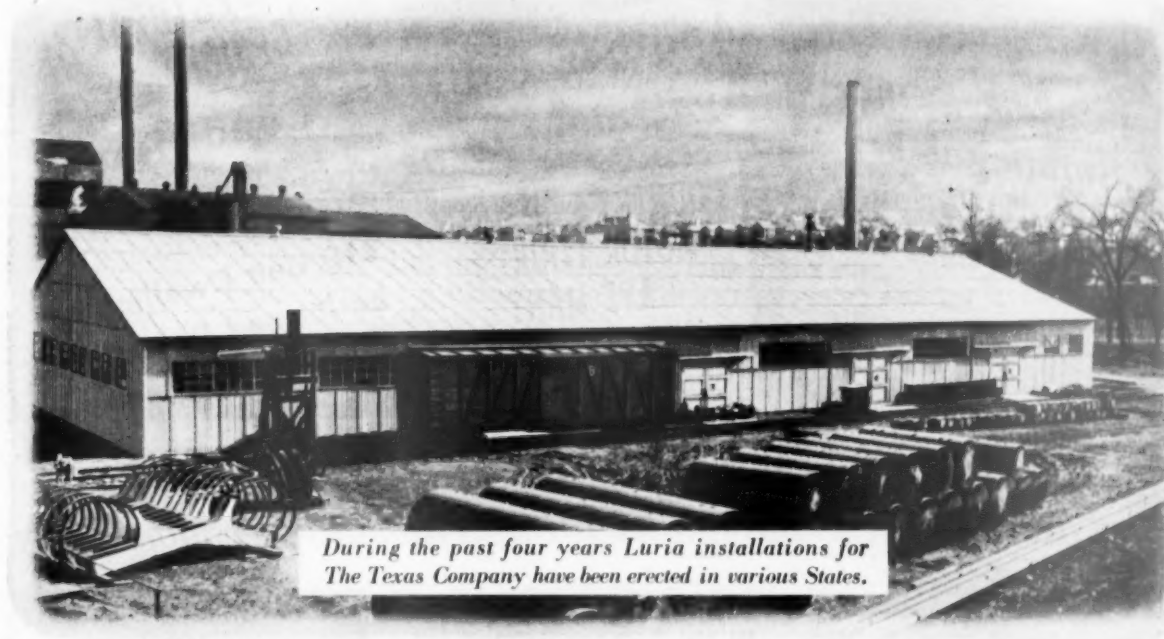
*Another Industrial Leader...*



The Texas Company

*continues to build with*

**LURIA Standardized Buildings**



*During the past four years Luria installations for The Texas Company have been erected in various States.*

**ONLY LURIA offers you the SPEED and ECONOMY of STANDARDIZATION  
...plus all the ADAPTABILITY and DURABILITY of CUSTOM-DESIGNED UNITS**

Luria Standardized Buildings live up to their promise of high-speed construction coupled with low cost... of standardized design adaptable to almost *any* type of architectural treatment that best suits your *individual* needs... of permanent structures that meet and surpass the most stringent building code requirements. This is conclusively proven by Luria's outstanding record of *repeat* orders from the world's great industrial leaders... and from businesses of modest size.

If you are planning expansion now or in the future, the list of companies who *reorder* Luria buildings will impress you — just as the many advantages of Luria Standardized Buildings will interest you.

**LURIA ENGINEERING COMPANY**  
ENGINEERS • FABRICATORS • CONSTRUCTORS

500 FIFTH AVENUE, NEW YORK 36, N. Y.

ATLANTA • PHILADELPHIA • BOSTON • CHICAGO • WASHINGTON, D. C.

**LURIA** *Customers are REPEAT Customers*

# TODAY NO BUILDING IS MODERN WITHOUT YEAR 'ROUND AIR CONDITIONING!

**Hotel Records Show Air Conditioning  
Brings Increased Business**

**AIR CONDITIONING  
A VITAL PART OF  
ARCHITECTURAL  
DESIGN**

**Downtown Office  
Building to be  
Air Conditioned  
Throughout**

**Complete Modernization  
Planned**

Michigan building  
located

**Another Fully Air Conditioned  
Apartment to be erected in City**

**COUNTRY'S NEWEST  
MOTOR COURTS  
HAVE MANY  
INNOVATIONS**

Year 'Round Air Condi-  
tioning

**210 Unit Dwelling to  
be located Downtown**

the contracts were signed  
the building of

## **American-Standard Remotaire Conditioners** *cool and heat new and old buildings efficiently, economically*

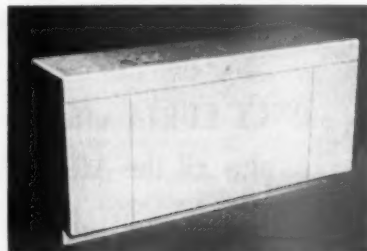
● Year 'round air conditioning is news . . . big news these days. And no building is truly modern without it. When you build or modernize let American-Standard Remotaire units provide year 'round air conditioning for your office building, hotel, motel, apartment house, hospital or other large building.

The Remotaire uses chilled water from a central chilling plant for summer cooling . . . hot water from a central heating plant for winter comfort. It filters and circulates comfortable air at all seasons. The Remotaire unit is in-

stalled in each individual room and may be free standing or recessed into the wall. Since each Remotaire unit is individually controlled, it allows a choice of room temperature without affecting adjoining rooms.

The adaptability of the Remotaire makes it ideal for modernization as well as new building. For more information on this new, efficient way to air condition, fill in and return the coupon.

**American Radiator & Standard  
Sanitary Corporation, Pittsburgh 30,  
Pennsylvania.**



**UNUSUALLY STURDY CABINET** is made of reinforced steel for greater strength. Toe-step offset eliminates dust catching return air grille and prevents marring front of unit when cleaning. Floor coverings fit better around base.

**AMERICAN-Standard**  
**AIR CONDITIONING**

### **American-Standard**

Dept. BU-113, Pittsburgh 30, Pa.

Please send me your free booklet,  
"Remotaire Systems."

NAME .....

ADDRESS .....

CITY .....

STATE .....

*Serving home and industry: AMERICAN-STANDARD • AMERICAN BLOWER • CHURCH SEATS & WALL TILE • DETROIT CONTROLS • KEWAMEE BOILERS • ROSS EXCHANGERS*



# BUSINESS OUTLOOK

BUSINESS WEEK

NOV. 14, 1953

A BUSINESS WEEK

SERVICE

There was inflation enough in the air this week—if you accept a growing money supply (rather than prices) as the inflation gauge:

The Treasury was using fast footwork to avoid **bashing its head against the \$275-billion debt ceiling**. This reflects deficit spending, an inflation threat that continues until March taxes blot the red ink.

Sec. George M. Humphrey talked in terms of a deficit between \$8-billion and \$9-billion for fiscal 1955. That carries the threat on and on (and means, of course, that the debt ceiling must be raised).

You could, if you wished, see potential inflation in the transfer of a \$500-million gold trove into the monetary stream.

It's a technical business. The Treasury monetizes the gold by putting \$500-million of gold certificates into the Federal Reserve Banks. This money pays for \$500-million of Treasury debt held by the banks, thus helping Uncle Sam to stay inside his debt limit.

"Not inflationary," says Humphrey. And it isn't either—unless the Fed puts the money to work.

All this is the kind of inflationary stuff Wall Street has been talking about. Why, then, you might ask, **didn't stock prices rise?**

Maybe, after its good rally, the market was tired. More likely, though, **investors realized that inflation isn't automatic**; pumping up the money supply increases the threat, but it doesn't set off the spiral.

The fires are banked, with business activity slipping a little.

—●—  
**Signs of business softening must be evident to everyone by now.**

Business Week's Index has receded to the lowest level of the year (page 21). This reflects weakening in a number of directions, not the least of which are the lower production rates in autos and steel.

The decline is not a deep one, to be sure. But, before you know it, the curve could be below its year-ago level.

**Industrial production, by next summer, may quite possibly be as much as 20% below this year's peak.** That sounds pretty rough, and it will be enough to fray a good many profit margins.

But remember: **At such a level it still would be just about where it was at the very top of the 1948 boom.** That's still a lot of business.

—●—  
**Construction is helping mightily to keep the business dip gentle.**

Value of construction work done last month is estimated by the Depts. of Labor and Commerce at just under \$3¼-billion. That's better than 4% ahead of a year ago and down a scant 2% from its midsummer peak.

This is in spite of some slightly subpar home-building figures.

**The total value of work put in place on new dwelling units this year will be a record breaker.** For the 10 months, it was up 7.7%.

However, the margin of gain has gradually been narrowing until it disappeared during October. Residential construction for the month

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**NOV. 14, 1953**

still had a valuation of more than \$1-billion but was a shade under a year ago.

This, of course, was not surprising. It simply reflected the declining rate of new-home starts that became evident as far back as May.

The whopping construction gains, to the surprise of no one, continue to be scored by commercial structures.

Though it was late in the season for gains, October's commercial value ran nearly 3% ahead of the preceding month. The eye-catching figure, though, is last month's rise of better than 70% over a year ago.

A good Christmas could make a big difference in the outlook for TV manufacturers and dealers, but things aren't too happy right now.

You have been seeing reports for several weeks of a production cut here or a layoff there. And this week you saw Westinghouse's sharp price cuts on 21-in. models, apparently designed to better its trade position.

Present production cutbacks follow a good late-summer pickup.

Output so far this year has been very high—but bumpy. There was a huge upsurge in the early months, a slump, a pickup, and now another dip.

Slipping farm income and reduced acreage quotas for next year, particularly in cotton, are bearing down on fertilizer sales. Several plants have announced curtailments in the last few days.

However, Agriculture Secretary Benson favors "reasonable" enlargement of acreage allotments in the case of cotton to ease hardships. And there's a well-organized congressional drive to add 1-million acres.

Builders of freight cars boosted deliveries to 8,727 last month—a high for the year—but at the expense of their backlogs.

Deliveries topped new orders by 7,000 cars. That cut the backlog to 35,171 cars on Oct. 31. A year ago, unfilled orders totaled nearly 75,000; two years ago, more than 110,000.

You have heard so much about the drop in November's scheduled output of autos that you may have overlooked the cut in truck production that has been under way for some weeks (partly due to model changes).

The fact is, there will have to be a pretty sharp pickup if trucks are to match last year's output of 1,218,165.

Retail sales are approaching the critical time of year.

Department stores ran several percentage points behind a year ago in both September and October. Most chain reports for September were disappointing, and comparisons with a year ago worsened in October.

But for all retailing, auto volume still was keeping the total up.

The new Dept. of Commerce spot check for October, undertaking to give a preview on all stores' sales, shows a year-to-year rise of 1%. That's the smallest monthly gain for 1953 to date. But October last year had a very sharp rise (as autos boomed following the steel strike).

# The best way to handle tools

Whether you treat 'em rough, or treat 'em easy, the best way to handle tools is with TENITE, an Eastman plastic.

When tool manufacturers were searching for a new and better material for tool handles, they had a tough set of requirements. The material had to be light in weight, but shatterproof, shockproof, splinterproof, and virtually indestructible. They tested many materials, and they chose TENITE.

TENITE met all their tests, and more. With TENITE, manufacturers can add the sales appeal of color, choosing from more than 25,000 transparent or opaque colors that will not chip or peel. They like the speed and ease with which TENITE molds into comfortable grips that are pleasant to hold even in cold weather. They like its low cost of molding, and its beauty. In short, they like TENITE, for improving their product and building sales.

The qualities that make TENITE ideal for tool handles give it ever-widening usage in other fields. You'll find it in children's toys, crude oil and gas pipelines, automobile steering wheels, electric fan housings, street markers, and hundreds of other familiar places.

TENITE is another example of a vital chemical product being made economically available through Eastman know-how in chemical production. This know-how is at your service. A technical representative will be glad to call.

## Eastman

CHEMICAL PRODUCTS, INC.

KINGSPORT, TENNESSEE



Sales Representative for TENNESSEE EASTMAN COMPANY, a division of EASTMAN KODAK COMPANY



## Public Works . . . and *The National City Bank of New York*

---

*Growing populations demand  
schools—hospitals—roads*

---

If you live in an average community, you've built more than one new school during the past five years. You've either built or have helped another community to build or add on to a hospital. Your state, county or town fathers are probably wondering how much longer they can get by without expanding their water and sewerage systems. And you've almost surely remarked, as you've driven around, that something had better be done about the roads, or there won't be any left.

All this need for new construction is partly an outgrowth of our soaring birth rate, which hit a record high in 1947. Some of it is due to greater emphasis upon health and medical care. And a lot results from the lag in construction during the depression, the Second World War, and the Korean emergency.

This backlog of city, county and state public works projects has resulted in a rapidly rising rate of borrowing, which reached a level above \$4 billion in 1952.

As in the past, The National City Bank of New York will help citizens across the country finance their schools, hospitals, utilities, highways, and other public works.

The Bank not only invests its own funds in state and local public works securities, but plays a continuing active part in their underwriting and distribution. In 1952 alone, it participated in the sale of more than \$750 million of such obligations. Thus the Bank shares in the civic progress of many communities, as well as in fostering the development of commerce and industry.

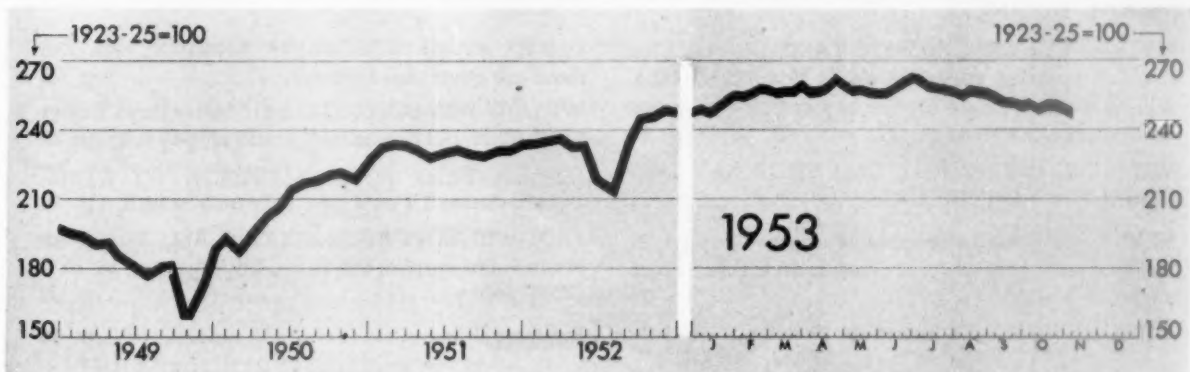
For information, write: The National City Bank of New York, 55 Wall Street, New York, N. Y.

Member Federal Deposit Insurance Corporation

**First in World Wide Banking**



# FIGURES OF THE WEEK



**Business Week Index** (above) . . . . . \*249.3    †251.4    251.6    248.9    173.1

## PRODUCTION

Steel ingot production (thousands of tons) . . . . .	2,092	†2,096	2,172	2,215	1,281
Production of automobiles and trucks . . . . .	135,906	†145,311	148,779	143,610	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) . . . . .	\$45,748	\$44,560	\$46,512	\$49,746	\$17,083
Electric power output (millions of kilowatt-hours) . . . . .	8,398	8,362	8,307	7,807	4,238
Crude oil and condensate production (daily av., thousands of bbls.) . . . . .	N.A.	6,028	6,313	6,612	4,751
Bituminous coal production (daily average, thousands of tons) . . . . .	1,520	1,546	1,538	1,537	1,745

## TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars) . . . . .	76	78	79	83	82
Carloadings: all other (daily av., thousands of cars) . . . . .	54	56	57	61	53
Department store sales (change from same week of preceding year) . . . . .	-2%	-7%	-3%	-5%	+30%
Business failures (Dun and Bradstreet, number) . . . . .	207	218	186	143	22

## PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100) . . . . .	393.8	393.9	391.8	409.4	311.9
Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100) . . . . .	82.4	82.3	80.2	94.6	††73.2
Foodstuffs, daily index (U. S. BLS, 1947-49 = 100) . . . . .	92.9	93.5	93.9	87.1	††75.4
Finished steel, index (U. S. BLS, 1947-49 = 100) . . . . .	141.5	141.5	141.6	130.5	††76.4
Scrap steel composite (Iron Age, ton) . . . . .	\$35.33	\$35.33	\$32.33	**\$42.00	\$20.27
Copper (electrolytic, Connecticut Valley, E&MJ, lb.) . . . . .	29.988¢	29.988¢	29.950¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.) . . . . .	\$2.29	\$2.33	\$2.24	\$2.46	\$1.97
Cotton, daily price (middling, ten designated markets, lb.) . . . . .	32.68¢	32.73¢	32.57¢	35.34¢	30.56¢
Wool tops (Boston, lb.) . . . . .	\$2.12	#	\$2.12	\$2.00	\$1.51

## FINANCE

90 stocks, price index (Standard & Poor's) . . . . .	194.9	195.1	187.7	196.5	135.7
Medium grade corporate bond yield (Baa issues, Moody's) . . . . .	3.76%	3.78%	3.83%	3.54%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	2½%	2½%	2½-2½%	2½-2½%	2-1%

## BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks . . . . .	N.A.	54,692	52,961	53,760	††45,820
Total loans and investments, reporting member banks . . . . .	N.A.	79,538	79,115	77,995	††72,036
Commercial and agricultural loans, reporting member banks . . . . .	N.A.	23,301	23,146	22,670	††9,299
U. S. gov't guaranteed obligations held, reporting member banks . . . . .	N.A.	31,795	31,359	32,745	††49,879
Total federal reserve credit outstanding . . . . .	26,830	26,309	26,238	25,714	23,883

## MONTHLY FIGURES OF THE WEEK

	Latest Month	Preceding Month	Year Ago	1946 Average
Wholesale prices (U. S. BLS, 1947-49 = 100) . . . . . October . . . . .	110.2	111.0	111.1	78.7

\* Preliminary, week ended Nov. 7, 1953.  
\*\* Basing pt., less broker's fee.

† Revised.  
†† Estimate.

‡ Insufficient trading to establish a price.  
N.A. Not available at press time.  
§ Date for "Latest Week" on each series on request.

# in BUSINESS this WEEK . . .

## GENERAL BUSINESS:

**THE BATTLE FOR CONGRESS TAKES SHAPE.** This month's election surprises show November, 1954, will be a corker. Here are the key seats both parties will be all-out to win. . . . .p. 25

**WORKERS IN ANCIENT C&O SHOP LAY OUT PLANS FOR REMODELING.** . . . .p. 27

**NEW FORD LINE.** Probable return of Continental marks fresh bid for top class market and more stress on Mercury. . . . .p. 28

**OTTAWA CONFAB** between President and St.

Laurent avoids U.S.-Canada economic tiffs, but there are other plans afoot. . . . .p. 29

**WILLOW RUN SOLD.** General Motors pays Kaiser \$26-million, but Kaiser won't hold money long. p. 29

**HOW A BANK PUTS TELEVISION TO WORK.** Closed-circuit TV cuts size of branch in half. . . p. 30

**FAST WRITEOFF RULE: NO CURE-ALL.** Why leaders in labor-surplus areas are unimpressed by new ODM policy . . . . .p. 32

**Business Briefs** . . . . .p. 34

## BUSINESS ABROAD:

**LATIN AMERICAN REDS: THE U.S. TRIES NEW TACTICS.** Communist strength is enough to be a real threat. . . . .p. 166

**BUSINESS-STYLE AID FOR JAPAN.** American-Japanese intercompany aid contracts start technological revolution . . . . .p. 169

**WHAT'S NEXT FOR ARABIA?** Death of Ibn Saud leaves question mark on future of oil supplies. . . . .p. 171

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## HABITS:

**CAN AN ESTATE BE PRACTICAL IN 1953?** Owner of 26-room mansion on 49-acres in Connecticut gives some surprising answers. . . . .p. 80

## INDUSTRIES:

**A TURN FOR THE BIGGER.** Major Hollywood studies rely on super-shows, independents find quickie market fertile, in a TV world. . . p. 146

## LABOR:

**WHAT'S BEHIND THEIR COMPANY TOUR?** Big Steel's Fairless and CIO's McDonald will visit plants together. . . . .p. 176

**IF JOBS GET SCARCE, WILL WOMEN BE SQUEEZED OUT?** New Labor Dept. report released. . . p. 178

**RAILROAD ROW IN TEXAS COURT** tests U.S. union shop law vs. state right to work statute. . . . .p. 180

## MANAGEMENT:

**THE PROBLEMS OF THE MAN WITH TWO COUNTRIES.** Industry and campus study the foreman. . . . p. 112

**THE MANAGEMENT PATTERN:** Can the U.S. export its methods? . . p. 116

**THE THINKING BEHIND CHARITY.** Survey pins down industry's policies on contributions. . . . .p. 120

**WRONG APPROACH?** A variety of experts are chiding management on personnel policies. . . . .p. 125

## MARKETING:

**OHRBACH'S MOVES DEEPER INTO TWO BIG CITIES.** New York-Los Angeles specialty store doubles its bet on mid-city locations. . . . .p. 43

**THE MARKETING PATTERN:** The basic dilemma of department stores. . . . .p. 50

**FURNITURE HOPES SOARING.** Industry hopes to keep up the 1953 pace. . . . .p. 54

## THE MARKETS:

**COMMODITIES LOOK AHEAD.** Futures are closing up toward the present level of spot prices as buyers begin feeling more confident. . . . .p. 174

## PRODUCTION:

**METALWORKING TAKES STOCK:** Inventory of machine tools shows why updating, replacement are rated over increasing capacity. . . . .p. 132

**STEPPING UP STEAM POWER** (cover). Combustion Engineering, Inc., upsets some traditions in boiler design. . . . .p. 136

**NEW PRODUCTS:** . . . . .p. 144

## REGIONS:

**THE AUTOMOBILE VS. THE CITY: WANTED—A LOT MORE PARKING SPACE.** Survey finds cities are tackling problem—but without any easy answers. . . . .p. 186

**ST. LOUIS WAITED 25 YEARS** for its new expressway. . . . .p. 194

## WHAT IT'S ABOUT:

**WHAT IS UNEMPLOYMENT?** How the Census Bureau's monthly figures keep track of the labor force—and where the gaps are. . . . .p. 92

## COMMODITIES:

**GASOLINE: HOTTEST BATTLE IN YEARS.** Shell's success with TCP touches off war between the octanes and the additives. . . . .p. 61

**NICKEL PINCH** continues despite the end of controls, supply lags demand. . . . .p. 64

## ENTERTAINMENT:

**BUSINESS GETS THE COMIC LEAD.** The Solid Gold Cadillac opens on Broadway. . . . .p. 128

## FINANCE:

**NEW SEASONAL PATTERN FOR LOANS?** The traditional second-half rise may have been thrown out of gear by higher first-half tax borrowing. . . . .p. 68

**STRONG TIDE** for Treasuries launches new medium-term 2½s at premium. . . . .p. 74

## GOVERNMENT:

**U. S. SALES TAX RAISES ITS HEAD.** Presidential advisers seriously consider prescribing a watered dose of an old political poison. . . . .p. 103

**PRESERVING** privately owned defense facilities is job of new agency. . . . .p. 108

# Ostriches to Orchids



Giant Douglas transports  
move merchandise faster...  
win new friends for  
**AIR FREIGHT!**

Alert business men, always seeking better, faster distribution, are shipping by air freight! Savings in crating, interest, insurance, inventories and storage swell profit margins. And overnight air delivery keeps perishables fresh, gets the most out of seasonal items. Huge new 300 mph-plus Douglas transports provide a cushioned ride for delicate equipment and up to 14½ tons of capacity! Get the latest facts from your local air-line on how air freight can save *you* money. Douglas Aircraft Co., Inc.

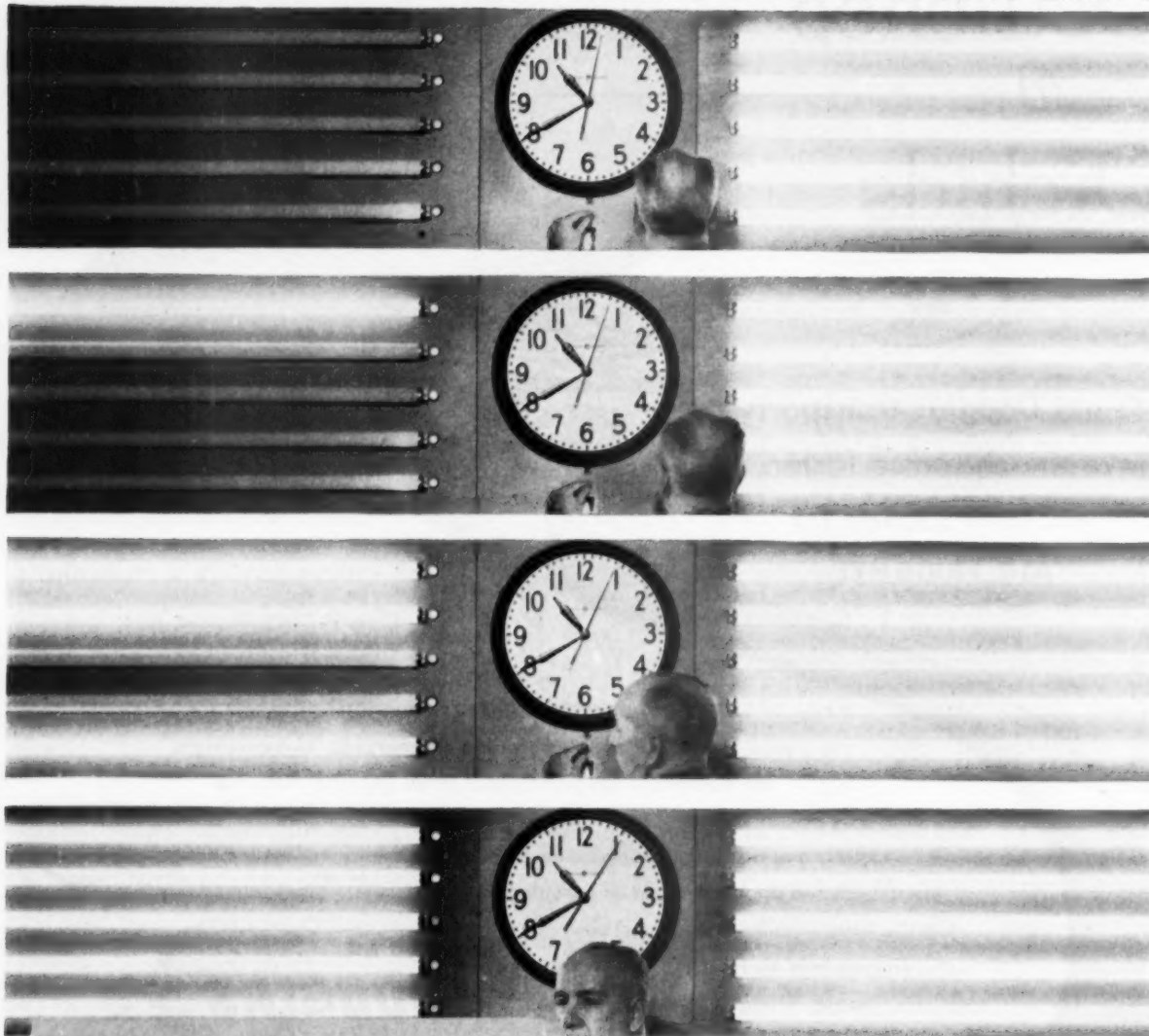
Depend on

**DOUGLAS**

**First in Aviation**



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All the lamps were started as the second hand on the clock reached zero. Within two seconds, the G-E Rapid Start lamps—right of the clock—were fully lighted. It was nearly six seconds before all the regular lamps, left, lit up.

G-E Rapid Start lamps eliminate the starter, cause of up to half of regular lighting maintenance troubles. They have long life, too. Reason: a triple-coil cathode that holds more starting chemical.

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## The Battle for Congress Takes Shape

In these states: ..... **REPUBLICANS**  
have these election  
problems

... **DEMOCRATS**  
have these election  
problems

	Senator up for re-election next year	This many House seats now held by less than 5% margin		Senator up for re-election next year	This many House seats now held by less than 5% margin
Alabama				Sparkman, safe	
Arizona		1		McClellan, safe	
Arkansas					
California	Kuchel, doubtful	3		Johnson, safe	4
Colorado					2
Connecticut		1			1
Delaware		1		Frear, doubtful	
Florida					1
Georgia				Russell, safe	
Idaho	Dworshak, fairly safe				1
Illinois		1		Douglas, doubtful	3
Indiana		2			
Iowa				Gilllette, doubtful	
Kansas	Schoepfel, safe				1
Kentucky	Cooper, very doubtful	1			1
Louisiana				Ellender, safe	
Maine	Mrs. Smith, safe				
Maryland		1			2
Massachusetts	Sullivan, fairly safe	2			2
Michigan	Ferguson, doubtful	2			1
Minnesota				Humphrey, slightly doubtful	2
Mississippi				Eastland, safe	
Missouri		2			3
Montana				Murray, doubtful	1
Nebraska	Grissold, safe				
Nevada		1			
New Hampshire	Bridges, safe				
New Jersey	Hendrickson, doubtful	1			3
New Mexico				Anderson, doubtful	2
New York		3			3
North Carolina				Lennon, safe	1
Ohio		2		Burke, doubtful	1
Oklahoma				Kerr, safe	
Oregon	Cordon, safe	1			
Pennsylvania		6			4
Rhode Island				Green, safe	2
South Carolina				Maybank, safe	
South Dakota	Mundt, safe				
Tennessee				Kefauver, safe	
Texas				Johnson, safe	
Utah		1			
Virginia		3		Robertson, safe	
Washington		3			1
West Virginia		1		Neely, fairly safe	3
Wisconsin		1			
Wyoming				Hunt, doubtful	

In the light of last week's elections, both parties are grimly picking targets for November, 1954.

The results of last week's elections have sent both political parties thundering headlong into the 1954 congressional campaign. The Monday morning quarterbacking of the pollsters had hardly begun before the top brass of both the Democratic and the Republican national committees were again dusting off campaign weapons and setting their sights for November, 1954.

• **Reaction**—Both parties were startled at the results. Democratic reaction was one of wondering disbelief, like that of a bellhop who has just been told he won the Irish Sweepstakes. Up to Nov. 3, the Democrats were still struggling with a host of unpaid bills, a depleted bank account, and preliminary plans for 1954. And they were still smarting from last year's defeat at the polls. But now, suddenly, they find themselves with the political initiative handed back.

The Republican politicians, on the other hand, have come smack up against the fact that they are in serious trouble. And they feel that unless something is begun immediately, they are likely to wind up on the losing side in next year's congressional elections.

• **At Stake**—The prize, of course, is Congress. Next year, 35 senatorial seats and the entire House of Representatives are up for election. A year ago, the Republicans barely squeaked through with slim majorities in the House and Senate—221 Republicans, 211 Democrats, and one independent in the House; 48 Republicans, 47 Democrats, and one independent in the Senate.

The Republicans lost their senatorial majority with the deaths of Sen. Robert A. Taft and Sen. Charles W. Tobey, and retain only a slim four-vote margin in the House.

They got a breathing spell this week, at least, when they won a Los Angeles contest for a House seat. There, a threatened Republican split failed to materialize; and Glenard P. Lipscomb, the regular party candidate, won by a

wide margin. Though California's 24th Congressional District has gone Republican in the last five elections, the figuring had been that this time the two Republicans would knock each other off and the congressional seat would fall to the Democrats.

• **Battle**—The results in California are not considered indicative of a trend. All signs point to bitterly contested off-year elections next fall.

The Democrats can already taste the first fruits of victory after being out of power for only a year.

The Republicans, on the other hand, can see themselves falling flat before they've really had a chance to work out programs. They know that they won their slim congressional majorities largely by hanging onto President Eisenhower's coattails. Without a national figure to help them along next fall, they face a desperate battle to keep what they've won.

## I. In the House

To hold the House, the Republicans will have to fight uphill. Their strategists are sure they've got troubles in at least 40 districts (table, page 25)—districts that they won last year with 55% or less of the total vote. Eighteen of these seats had belonged to the Democrats in the 82nd Congress.

If the political managers are right, that means that the normal swingback in the off-year election can be counted on to throw at least 25 seats to the minority. The Republicans would be cut back to the approximate strength they had in the 82nd Congress—when the Democrats outnumbered them by about 35 seats.

• **Plans**—Republican strategists are not now too concerned about the excitement the Democrats have raised over the farm problem. They feel that support legislation to be enacted next session will kill off the farmer as a major issue. Their plan is to concentrate on marginal suburban and urban districts where the cost of living is a far hotter item. And, in addition, they plan an all-out onslaught to hold onto the four southern seats they won in 1952—three in Virginia and one in North Carolina.

Many of the races are going to be run on local issues, as they were last year. Some of the local troubles are still unsolved—like the Hell's Canyon issue that elected Democratic Mrs. Gracie Pfozt to a normally Republican seat in Idaho, and the Tuttle Creek Dam controversy in Kansas that unseated Rep. Albert Cole in a GOP district.

And the Republicans may find it hard to hold Democratic seats they picked up in 1952—in Missouri, Maryland, Arizona, Connecticut, New York, Pennsylvania, Utah, West Virginia, and Washington.

• **Already Won?**—That's why the Democrats are already putting the House over in their column. They are confident they will win back enough of their old seats and pick up enough extra seats by playing on feeling against the "ins" and on local issues to turn the tide in their favor.

## II. In the Senate

On the Senate side, things look brighter for the Republicans. Out of the 35 senatorial seats up for election, only 13 are held by Republicans, and only four of these are considered "doubtful." The Democrats, on the other hand, have 22 seats up for election; and at least seven are considered doubtful.

Eleven of the Democratic seats are in the solid South, and there's little question that these states will return Democratic senators. Two others are almost sure bets for the Democrats: the seat held by octogenarian Sen. Theodore Green of Rhode Island and that of Sen. Edwin C. Johnson of Colorado.

But the rest are considered fair game by GOP strategists.

• **Counterattack**—To counteract Republican tactics, the Democrats are planning an all-out attack against the Republicans, including the President. They're dropping the "we like Ike too" attitude that showed up during the first session this year. They'll exploit farm discontent, labor policy, charges of weak Washington direction, and of GOP failure to deliver on campaign promises.

They'll go after what they consider vulnerable Republican seats—like that of Sen. John Sherman Cooper of Kentucky, who may have to run against Democratic big guns: either former Vice-President Alben Barkley or former Sen. A. B. (Happy) Chandler. They consider Sen. Homer Ferguson of Michigan a very likely target, and hope to line up Gov. G. Mennen Williams as his opponent. In New Jersey, they'll try to capitalize on Democratic victories and unseat Sen. Robert C. Hendrickson—who, until recently, had been given a better-than-average chance for re-election. In California, Sen. Thomas Kuchel is considered a likely target if a strong Democratic candidate can be uncovered.

And, encouraged by Sen. John Kennedy's showing in Massachusetts last year, the Democrats plan to go after the seat of Sen. Leverett Saltonstall.

## III. Republican Strategy

The big problem facing Eisenhower is getting a fairly solid Republican Party behind him. Up to now, he has managed to avoid any knock-down,

drag-out battles with any of the powerful Republicans in Congress. But this is going to be more difficult from here on as the political pressures build up.

There's strong Old Guard counsel for a sharper break between Republican policies and former President Truman's Fair Deal philosophy. That's being countered by advice from the more liberal Republicans, who figure that they can't win without the help of independent voters and dissident Democrats.

President Eisenhower agrees with the liberal wing.

• **Issues**—There's no lack of legislation and important issues on which the GOP can build a case to take before the people next year.

• **Farm legislation**: Leaders think they can easily break even with the Democrats on their farm record, with new programs scheduled to go into effect before next winter.

• **Taxes**: In addition to cuts already in the works, the Republicans may come up with one more to talk about (page 37).

• **Social security**: Eisenhower is committed to broaden coverage and benefits.

• **Labor**: Odds favor White House recommendations on Taft-Hartley law revisions that will sit well with organized labor. There's White House talk, too, about knocking out exemptions under the minimum wage law and thus broadening coverage.

• **The Chances**—Democratic strategists are counting on the belief that the Republicans won't close ranks behind such a program. There's no Taft in the Senate to smooth things over with the Old Guard, and Sen. William F. Knowland—Taft's successor—lacks the strength. In the House, most Republican congressmen will be concerned principally with building an individual voting record, regardless of whether it fits in with the over-all party plan.

Of course, there are popular issues to help the Republicans out. Communism in government is the No. 1 issue; the GOP can and will hammer away on it. The sensational case of Harry Dexter White—an alleged Communist spy whom Truman nominated to high government position—indicates that the Eisenhower team will work hard to prove Democratic blindness to Reds in government.

• **Sleeper**—But the Democrats are counting on one sleeper to help them along. That's the charge that the Republican Administration has already completely lost its steam and is settling down to a sort of middle-of-the-road "do nothing-ism." Democratic politicians are pushing the idea that the Republican approach to government—retrenchment, conservatism, decreased federal spending—has been largely repudiated.



## Workers in Ancient C&O Shop ...



## ... Lay Out Plans for Remodeling

This week, a batch of Chesapeake & Ohio Ry. employees traipsed into the plush meeting room of the road's board to demonstrate their pride and joy: a big-scale model (lower picture) of how they think the Huntingdon (W. Va.) shops (upper) should be remodeled.

The model was a labor of love run up during six weeks' intensive work—a lot of it on their own time—by some 60 blacksmiths, electricians, carpenters, metalsmiths, engine hostlers, and ap-

prentices. One measure of the scope of their effort: C&O brass has figured that a similar planning job would take from 30 months to three years.

The idea sprouted when C&O realized it would have to re-do the 60-acre facility at Huntingdon to take care of diesel locomotives. Men in the 11-acre shop building—it houses the wheel, electric, coach, blacksmith, battery, and related shops—began talking over the project at their lunch hour.

They were fed up with the existing setup, built in 1928 and poorly laid out in the first place, according to E. E. Slack, the supervisor. One example: The wheel shop was half a mile from the optimum site, wheels had to be trundled that distance.

That noon talks soon got down to cases; everyone told how he would cure the bugs in his own setup. Slack, the boss, listened and took notes. He had a draftsman get the ideas down on paper, then invited all hands to get in on the mass planning. The end product was the scale model that was shown to the directors this week.

The model made one enthusiastic convert—president Walter Tuohy. He has already had work started on at least one part of the project. For the plan as a whole, approval by the directors is needed.

There are some pretty persuasive arguments in favor of the plan, quite apart from the fact that it would make the workers happy. For one thing, estimated costs of the whole conversion job are around \$2.5-million. That's a more heartening prospect than the \$10-million to \$15-million that it would take to build new shops from the ground up.

## Quick Figures On Retail Sales

This week the Commerce Dept. put out something pretty special in the way of government statistics: a "flash" report on retail sales for October.

It showed: October retail volume up 6% over September, up 1% over October of last year.

What's special is that the figures were in, processed, and published within 10 days after the close of October's books.

The new quickie report is admittedly based on a "sample of a sample." But the bureau endeavors to poll a sizable sample of the big chains in various lines, and of the smaller stores and independents.

In addition to the "flash" report, which contains only percentage increases and decreases, the bureau is speeding up its full report giving dollar figures. This report is expected out now within 30 days after the month's end.

The flash report for October showed these comparisons:

Largest increases over September were reported by food retailers and clothing stores, 8%, and by general merchandise and department stores, up 14%. Trailing were automobile dealers with gains of 1%, and service stations and eating establishments, with increases of 2%.



## New Ford Line

**Creation of division indicates the Continental will be added. Mercury is due for more stress.**

Ford Motor Co. has given a hint of an expansion possibly even more far-reaching than its present facilities program (BW-Oct.17'53,p130). The hint points to a new car in the Ford line and to increased emphasis on the Mercury.

The company announced establishment of a Special Products Division with William Clay Ford, a grandson of the founder, as general manager. The new organization, it was said, would have its own "product engineering, manufacturing, purchasing, sales, and industrial relations departments." Tacit admission of the purpose came in the statement that the division wished to have all those services "operating by the time we have a new car ready."

• **Super de Luxe**—Careful checking around Detroit seems to indicate that the new car will be the Continental, which was briefly a part of the Lincoln line before the Korean war put restrictions on production. The Continental was—and almost certainly will be—a super de luxe job, more expensive even



### Magsaysay Wins

AS BUSINESS WEEK went to press, Ramon Magsaysay was well on his way to a smashing victory in the Philippine presidential election. Foreign observers said his Nationalist administration was sure to be more honest, efficient than that of outgoing president Elpidio Quirino. Election was the first time a disliked Asian regime was ever ousted without revolution.

than the Lincoln. Logically, it would come under Ford's Lincoln-Mercury division when it goes into regular production, which is expected to be next year. But that probably would overload the present Lincoln-Mercury division, making it too bloated and unwieldy for efficient management.

So Detroit observers look for Ford to give Mercury an organization of its own.

The present Lincoln-Mercury division then would become the Mercury division, and William Ford's organization would take over Lincoln and Continental production.

• **Sales Records**—Bolstering this theory is the solid sales record of the Mercury. So far this year the car has shattered all of its previous sales records, and has made a deep impression in the over-all sales figures. For the third quarter of this year, only the Ford has gained a greater increase in market penetration. Ford increased its share of the market by 4.46% in the third quarter as measured against the first six months of this year, and Mercury picked up 1.94%, according to Automotive News.

In the first 10 months of this year, Mercury production was 269,594, against 149,760 in the same period of 1952, according to Ward's Automotive Reports. The 1953 figure is 5.02% of all car production. Next year, says L-M sales manager Joseph E. Bayne, Mercury production will be 6% of the total—which would mean sales in excess of 300,000 during a year when total production is expected to be lower than this year.

With Ford officials having such a firm belief in the growth potential of the Mercury, it appears logical to permit a separate division to concentrate on that one car, and place the high-priced luxury line—Lincoln and Continental—in the completely new division.

## Big-screen Color TV: Ready for Production

Ever since color television became a commercial possibility, TV set manufacturers as a group have taken the line of gently pool-poohing it. One motive has been to hold up sales of black-and-white sets during the pre-color interim period—until they could swing into full production of color sets. Principal argument against color: In most current experiments with color tubes, the screen size has been limited to approximately 12 in.

This week, Crosley Radio & Television Division of Avco Mfg. Corp. signed a license agreement that will let it manufacture the Chromatron picture tube of Chromatic Television Labora-

tories, Inc. (subsidiary of Paramount Pictures Corp.).

The Chromatron tube—which was developed by Ernest O. Lawrence, inventor of the cyclotron—allows for the screen sizes of 21 in. and 24 in. That's the size black-and-white TV fans are used to seeing.

• **Opening Shot**—Some industry experts are still dubious about the Lawrence tube.

They saw a demonstration of it about two years ago (BW-Sep.29'51,p24), noted a lack of sharpness in the picture and of fidelity in the colors. Conceivably, however, Chromatic Television has since made important improvements.

Crosley is enthusiastic, at any rate. The company says that the comparatively simple design of the Chromatron tube will make it easy, and cheap, to mass-produce.

It has only one "gun" to fire electrons at the screen—as against, for instance, three electron guns in Radio Corp. of America's color tube.

Crosley has been producing color tubes on a pilot line at its Batavia (Ill.) plant for several months. When the Federal Communications Commission puts its stamp of approval on color TV—which the television industry thinks will happen early next year—Crosley plans to put Chromatron tubes into full-scale production.



### He Rang the Bell

Raymond L. Smith wanted a trademark for his telephone answering service in Falls Church, Va. Searching the Patent Office, he found that Mother Bell had never registered its famous blue bell in a circle. Smith registered a modification for himself. AT&T hastily gave him \$18,000 to get its bell back. Here are Smith and his wife in home the money helped build.



## Ottawa Confab...

... doesn't come to grips with U.S.-Canada economic hassles, but joint cabinet group is to seek answers.

President Eisenhower didn't pay his ceremonial visit to Ottawa this week to talk about the specific economic issues that seem to be causing more and more friction between the U.S. and Canada. But in the background of the goodwill exchanges with Prime Minister St. Laurent were less official and more heated exchanges in recent weeks over such things as tariffs, quotas, pipelines, air routes, and waterways.

The importance attached to these questions became apparent when the two countries decided to set up a standing committee of key U.S. and Canadian cabinet members to discuss—and attempt to iron out—mutual economic problems. It's hoped that the committee will do a secondary service of increasing U.S. understanding of Canadian problems. "Americans," it has been said, "are benevolently ignorant of Canada, and Canadians are malevolently well-informed about the U.S."

- **Critical**—Canadians, at any rate, have been severely critical of late, and have been taking the U.S. to task on the issues involved—with the criticism somewhat amplified by the sounding board of Canadian politics. Opposition parties in Canada have been crusading to reduce what they call Canada's economic dependence on the U.S. and all shades of Canadian opinion have been expressing their concern over a possible business recession in the U.S.

- **Barriers**—The single issue that has loomed largest and produced most of the cross-the-border heat is the question of U.S. trade barriers—or the threat of barriers—against Canadian goods. Canadians argue that their country is heavily dependent on foreign trade and is by far the best customer of the U.S.

Actually, there is only one important new barrier—the tight U.S. quota on Canadian dairy products—and these have never been a vital item in Canada's southbound trade. But what seems to be worrying Canadians is the talk of further barriers. Canadian fears focus on these points:

- Applications for more protection against oats, grain, and fish fillets that are now before the U.S. Tariff Commission. Curbs on these commodities would hurt; fish quotas in particular might mean difficulties for Newfoundland (BW—Oct.17'53,p136).

- Growing pressure in the U.S. for a 100% or more tariff boost on lead

and zinc. Like their U.S. counterparts, many mines in Canada are high-cost, marginal operations and have to fight for sales in today's market; they say they would have to shut down if excluded from the U.S. (Canadians also contend they opened a string of old mines at Washington's request in the early Korean war period).

- **Discussion** in Washington about possible export subsidies for U.S. surplus farm products—particularly wheat. Canadians point to their own surpluses, express the fear the U.S. may be thinking of a dumping operation that would jeopardize Canada's exports to world markets (BW—Nov.7'53,p154).

In answer to all this, Americans point out that Canadian tariffs are higher than our own, say many Canadians are just as protection-minded as Americans, particularly in industries that are under the guns of powerful U.S. competitors.

- **Also Pending**—Aside from the problem of trade, there are three major economic questions at issue between Washington and Ottawa:

- **The St. Lawrence Seaway** is still unsettled—after decades of disappointment. Last week's decision by the Washington Administration to give New York State a green light to build St. Lawrence power facilities along with the Canadians helps to ease this perennial spat. Canadians are committed to build the seaway alone, but can't begin until the hydroelectric project is under way. But New York's part in the power project is stalled in the courts, and action may not come for months. Meanwhile the Administration will try to push Congress next year into allowing U.S. participation in the seaway proper—but that's always a dubious prospect.

- **Natural gas** is in a complicated hassle, too. Two years ago a Canadian firm applied to the Federal Power Commission for permission to pipe gas from northern Alberta fields to the U.S. Pacific Northwest. A Texas outfit wants to do the same. The crossfire of litigation involves both Seattle and Portland—on opposite sides. Another complication is the recent FPC decision to permit Tennessee Gas Transmission Co. to pipe natural gas from Texas to Toronto. Canada hasn't granted an import license, pending decision whether southern Alberta gas can economically be piped east.

- **Canadian aviation rights** in the U.S. are at issue in U.S. refusal to allow Trans Canada Air Lines to carry passengers to Mexico on the same plane as passengers to Tampa, Fla. This has stalled TCA's plans for a Mexico City service. Canadians call it a "legalistic and picayune" interpretation of the 1949 Air Transport Agreement between the two nations.

## Willow Run Sold

GM gets big plant; Kaiser gets \$26-million, which will take a big bite out of its debt to government.

General Motors Corp. this week bailed out a competitor and at the same time strengthened its own competitive position and increased its manufacturing space—all by buying Kaiser Motor Corp.'s Willow Run plant for \$26-million.

GM takes over the entire estimated 3-million-plus sq. ft. at Willow Run, where it has already been leasing 1.5-million sq. ft. to make Hydra-Matic transmissions since the Livonia fire destroyed its own facilities. The added space will put GM in a powerful position in the expanding field of automatic transmissions (BW—Oct.31'53, p32).

For sorely beset Kaiser Motors, the deal means a solid tidying up of its financial position. Edgar F. Kaiser, president of the company, announced that the \$26-million from GM, plus another \$613,000, would be used to take a massive bite out of Kaiser's big debt to the government.

Edgar Kaiser said that under a deal worked out with Kenton Cravens, Reconstruction Finance Corp. administrator, the debt would be cut to under \$18.7-million, with maturity of the remainder speeded up from 1968 to 1959. At one time, Kaiser Motors owed the government nearly \$75-million.

The Kaiser announcement jubilantly added that these deals, plus loans of \$15-million secured through the Henry J. Kaiser Co., would speed the consolidation of Kaiser Motors with Willys Motors, which is its wholly owned subsidiary.

Within a year, the main office of Kaiser Motors will be moved to Toledo, where the Willys plant has 5.2-million sq. ft.—ample for production of Kaiser as well as Willys cars. Equipment and tools now at Willow Run will be shipped to Toledo and to other Kaiser plants.

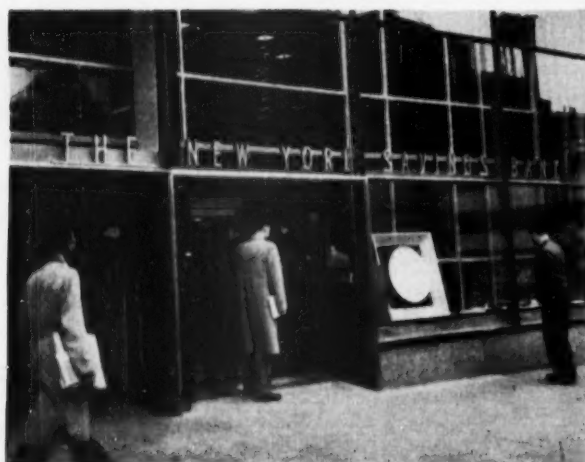
Meanwhile, General Motors had a new reminder, on top of Livonia, that fire has an affinity for automatic transmission production. At Willow Run, a hose accidentally sprayed quenching oil against a wall. A spark of unknown origin ignited the oil. The resulting fire set off the sprinkler system, which showered cold water on a battery of heat-treating furnaces containing a cyanide solution. Six explosions followed, and the plant was filled with smoke and fumes. Quick action by firefighters held damage to a minimum, and production was resumed in two hours.



**1** At the branch bank, depositor Harold C. Tuttle hands teller a withdrawal slip. She calls headquarters on intercom.



**3** She puts card under TV camera. At right is a monitor TV screen that shows, in duplicate, the picture being received at the



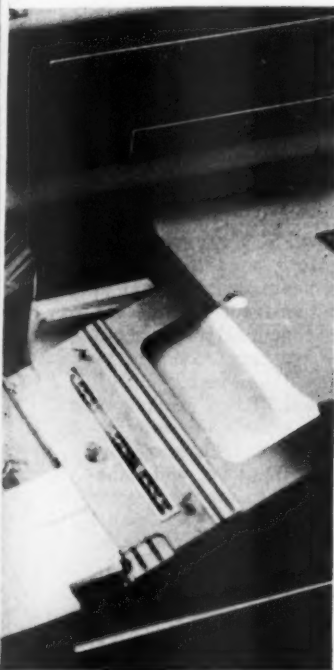
**BRANCH BANK** is small—half the size it would need to be without television. Rent savings: \$30,000 a year.

## How a Bank Puts

"My television set at home has a mahogany case and a screen the size of a window," said an official of the New York Savings Bank. "It leaves me cold. But you see this little set here? I could watch it all day."



**2** At the main bank, 40 blocks away, operator receives teller's call and pulls Tuttle's signature card from revolving International Business Machines Corp. file.



branch office. Monitor screen helps her adjust picture.



**4** Back at the branch, teller compares signature on withdrawal slip with that on the television screen.

## Television to Work

He was referring to one of three receivers installed in his bank's new Rockefeller Center branch, which opened last week. His enthusiasm was understandable. By incorporating TV into its operations, the bank has been

able to set the branch up on half the floor space it would normally have required, keep it open two or three hours longer every day, cut down the branch's personnel requirements, save about 25% in daily operating costs, and boost

the morale of employees—especially tellers—who have gone to work at the branch.

• **No Files**—The pictures show how closed-circuit television fits into the bank's procedures. In effect, the three television receivers in the branch take the place of files and other records. Tellers at the branch can call for signature cards, balance and interest statements, and the like—all of which are televised from the bank's headquarters.

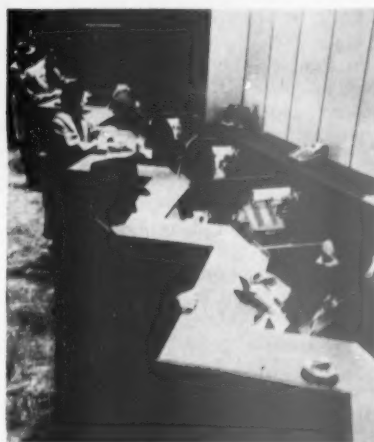
In eliminating these records from the branch, the TV setup also eliminates the employees who would work on the records; and the offices, desks, and other equipment those employees would need.

Hence, the branch needs only a little more than 2,000 sq. ft. of floor space—while theory sets the branch-office minimum at somewhere around 4,000 sq. ft. In the high-rental area around Rockefeller Center, the bank says, this space saving means a rent saving of almost \$30,000 a year.

Because most of the bookkeeping is done at headquarters, branch employees have a "greater flexibility." Tellers don't have to spend the closing hours of each day on tedious clerical work. This makes the tellers happier—"better public relations representatives for the bank"—and it also lets the branch stay open until 5:30 p.m. instead of the more usual 3 p.m.

Clerical work for the branch, of course, means an extra work load at headquarters. But it's a load that can easily be absorbed into existing operations. The bank has a similar TV setup within its headquarters building—from the main banking floor to the clerical offices and files.

One official estimates that, without television, the branch could have handled no more than \$20-million in deposits with its present space and personnel. With television, he figures, deposits can go as high as \$50-million.



INSIDE, the bank is designed so it'll look larger than it is, or needs to be.



# Fast Writeoff Rule: No Cure-all

● ODM's liberalization of quick amortization for new defense plants in labor-surplus areas comes too late in the mobilization expansion, leaders in depressed cities feel.

● Cities that have been hit by loss of their main industries are going ahead with their own efforts to get new, diversified industries.

● Chief employment troubles are in coal, textile, and tobacco regions.

Labor distress areas around the country talk gratefully this week of a more generous incentive the Office of Defense Mobilization is giving to defense industries that build or expand where unemployment is high. But they view the ODM move as more of a psychological lift than a practical one.

ODM's liberalizing of fast writeoff allowances on defense expansion comes too late in the expansion program to do much good. That's the view both in Washington and in distress areas where BUSINESS WEEK reporters asked questions this week.

• **In Theory**—ODM Director Arthur S. Flemming announced the new policy last week. He said companies that choose labor-surplus areas as sites for expansion would be allowed quick amortization on extra large percentages of construction cost. The percentage eligible for fast writeoff could go up to 100% in some cases, he said.

Companies generally like quick amortization. It reduces their risk in expanding plant by moving up the time when the plant is written off for tax purposes; it postpones a bigger chunk of taxes to years when tax rates may be low.

• **In Practice**—The revised policy may result in giving labor-surplus areas the nod, when other conditions are equal, in comparison with a nondistress area. But the troubled cities aren't sending up any rockets in celebration. They're grimly going ahead with their own efforts to bring in diversified industry.

Trouble is, the new policy applies only to defense expansion, and ODM's defense expansion program is petering out. As of last March, only 40 of the 235 expansion goals were less than 75% complete. Some of these goals have since been completed, more have passed the 75% point, and others will be formally closed without being finished.

All this doesn't leave much burgeon-

ing defense industry to be steered into labor-surplus regions.

• **Distressed Areas**—Labor-surplus areas are certified by the Secretary of Labor. There are 39 of them now, 17 of which are fair-sized cities. Most are in areas dependent on textiles, coal mining, and tobacco. Each has at least 6% of its working force unemployed.

BUSINESS WEEK reporters summarized the problems and reactions of a cross-section of distressed areas:

**Lawrence, Mass.**, is one of the cities most gratified by the new ODM policy. It sent a delegation to President Eisenhower last May with proposals that have been incorporated in the new policy. However, business leaders in Lawrence don't expect miracles from government aid.

The city has shown signs of revival. At ebb, it had lost 18,000 of its peak of 30,000 textile mill jobs; only a year ago, it had 15,000 jobless in a labor force of 54,000. Now it is rated at 9,200 unemployed in a total work force of about 54,000. Local industrial promoters have brought in 30 new plants, employing more than 4,000, since January, 1952, and a new Western Electric plant next year will add another 3,000 new jobs. Textile employment is now less than 50% of the total; once it was more than 75%.

**Providence, R.I.**, is another textile unemployment area, though the labor picture has improved in the past year. Other industries, notably jewelry, have taken up much of the slack. But jewelry employment can be expected to slip seasonally in the next two months, and textile recovery seems remote.

One major deal looks hopeful to the Rhode Island Development Council: Sikorsky Division of United Aircraft Corp. wants to build a \$17.5-million, 3,500-job helicopter plant. It has options in Stratford, Conn., but faces local opposition. Rhode Island promoters think designation of the Provi-

dence area for extra quick writeoff might clinch the shift of site to that locality. (So do promoters in Newport, Tenn., another labor-surplus area that's gunning for the Sikorsky plant.)

**Scranton and Wilkes-Barre, Pa.**, are both fighting their way back from local depressions caused by decline of anthracite coal mining. They feel ODM's more liberal policy will help swing defense business their way. Scranton now has 8,000-10,000 men in anthracite mining, compared with 30,000 about 30 years ago. The city still has 7,000 unemployed, despite the advent of new industries. Wilkes-Barre estimates its labor surplus at 12,500.

**Terre Haute, Ind.**, also suffers from decline of coal mining, with two big mines shut in the past couple of years. The metropolitan area has about 3,000 unemployed, though some new plants have come in recent years. Allis-Chalmers has one new plant with 1,200 employees, second largest in the city. Two drawbacks for Terre Haute: The city is on the western edge of a freight-rate zone (freight from the west can move clear into Ohio without any higher rate), and employers recall that the city was once the home of Eugene V. Debs. The city has an average good labor relations record, but the ghost of Debs is hard to exorcise.

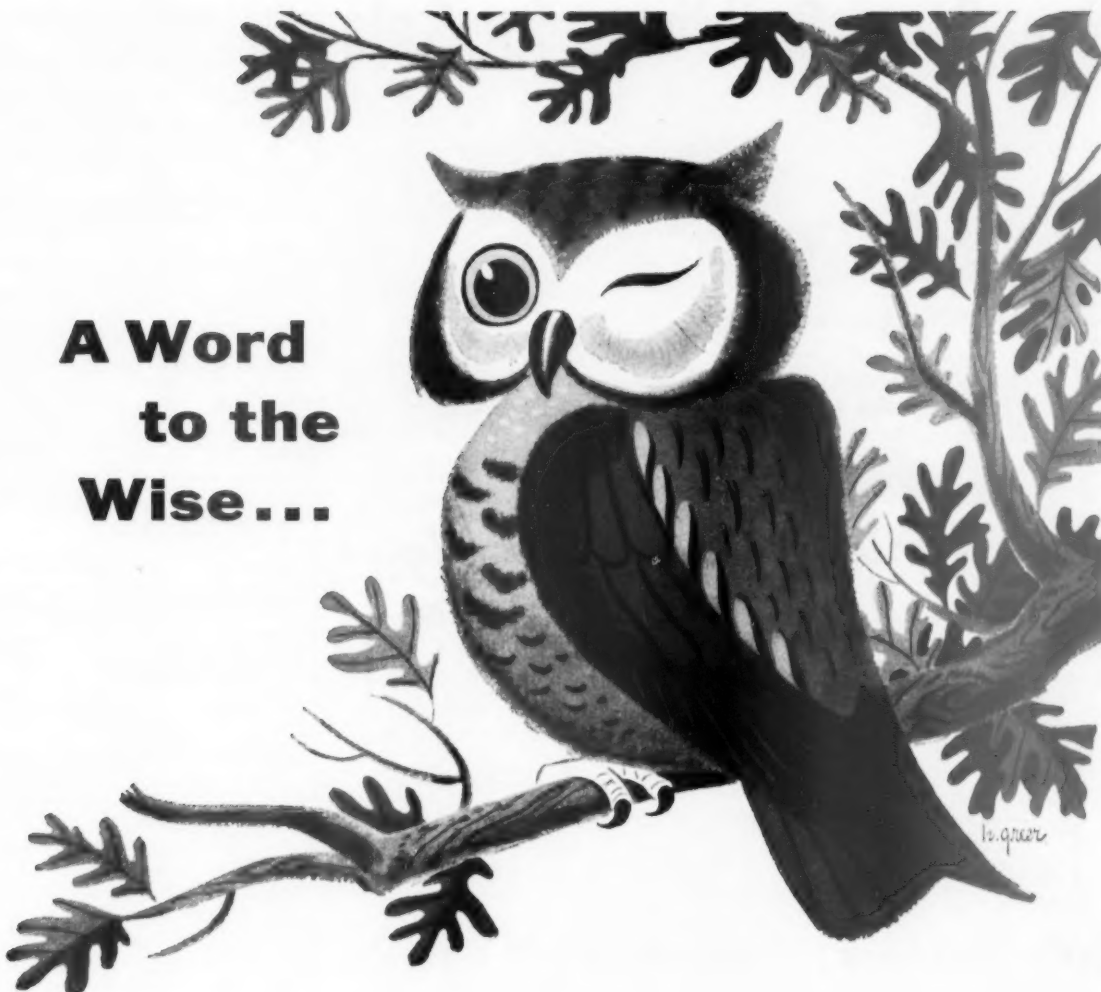
**Johnstown and Altoona, Pa.**, have been hit by decline in coal mining and by a cut in railroad employment due to dieselization. However, the losses of railroad employment aren't so great as expected. In Altoona, for example, the loss from the all-time peak is only about 3,500. Losses have been made up by new industries (BW—May 10 '52, p. 76), and the Pennsylvania RR is working on a \$12-million car-repair shop near Altoona, to employ 1,800-2,000 next year.

**Winston-Salem, Durham, and Asheville, N.C.**, depend to varying degrees on tobacco, which results in seasonal unemployment. Only one "medium-sized" defense plant is rumored to be in the works for any of these cities. Asheville had 3,000 unemployed in a labor force of 50,000 in September, with outlook for 3,650 unemployment by mid-January. Durham estimates 1,800 unemployed in a work force of 47,200; Winston-Salem lists 3,500 jobless out of 75,000 work force.

**Big Stone Gap and Appalachia, Va.**, have coal unemployment problems. Together they have 2,000 unemployed, mostly miners. Within the past year, four major mines have closed, and others are working on short weeks. Both towns are angling for new industries, then sent telegrams of appreciation to Flemming.



## A Word to the Wise...



In this case, about Sinclair "Extra Duty Motor Oil." This new product—exclusively developed by Sinclair Research—was put through an exhaustive 63,000,000 mile performance test by the famous Chicago Yellow and Checker Taxicab Companies. Sinclair new Extra Duty was assigned to half a fleet of 1,030 new cabs—plus several older models with high mileage—while the other half of the fleet was run on the lubricant used regularly by the companies. The test was carefully controlled; maintenance and service records scrupulously kept. Customary oil changes were made at regular intervals.

Here's the remarkable comparison at the end of the test:

**Consumption:** Sinclair Extra Duty cut motor oil consumption in half. Engines were cleaner than ever before.

**Piston Rings:** Piston Ring replacement was cut 80% by use of Extra Duty.

**Engine Wear:** Engines using Extra Duty were in excellent condition after 60,000 to 75,000 miles.

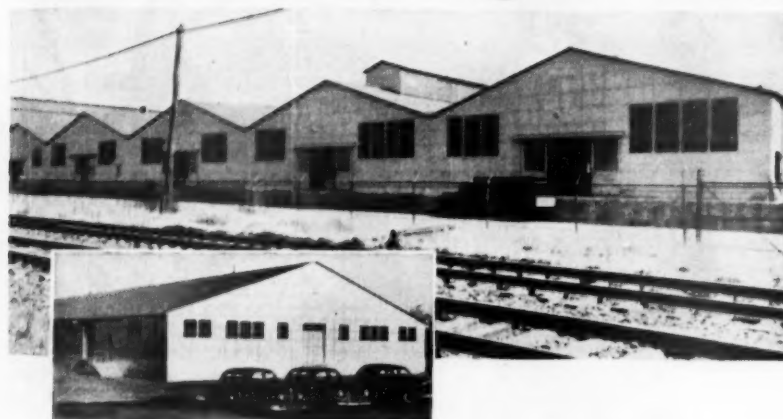
Naturally, both taxi companies immediately switched to Sinclair "Extra Duty Motor Oil" . . . and as a car owner, it will pay you to do the same.

This is but one significant example of the extra value Sinclair endeavors to put into all its products . . . one example of the many things Sinclair "wisdom" has produced . . . another reason why Sinclair is a leader in the highly competitive petroleum industry.

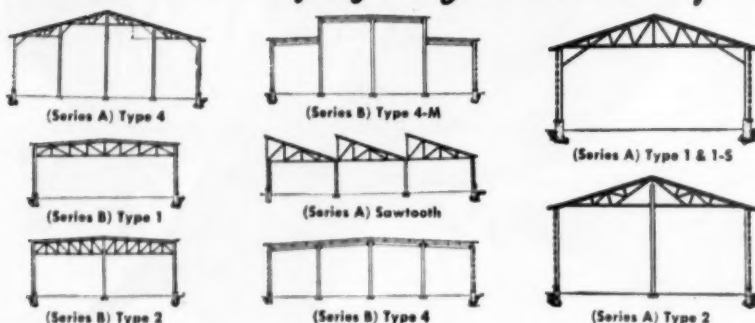
# SINCLAIR

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## BUSINESS BRIEFS

Baseball is still a sport, not a business, in the eyes of the U. S. Supreme Court. The court by a 7-2 vote rejected three suits, all of them based on the charge that baseball was a monopoly holding its players in peonage. The judges added: If there is anything wrong with baseball Congress should pass a law about it.

Thomas I. Parkinson lost his fight to remain as boss of the Equitable Life Assurance Society of America. After a 12-hour tussle (BW-Nov. 7'53, p. 29), the Equitable board agreed to drop Parkinson as chairman and director, just as the New York State insurance department demanded. No successor has been named.

Third-line tires for passenger cars have come back, under pressure of a highly competitive market. Firestone is offering the casings at \$11.65 and \$12.95 in two popular sizes. It's the first appearance of third-line tires since World War II.

The battered independents stuck their noses back into the automotive struggle this week, with the announcement that all of them were in production. For four and a half months, there had always been at least one independent shut down for an assortment of causes.

Gasoline customers this week waited hopefully for a retail price cut, as wholesale rates dropped in various parts of the nation. Gulf Coast refiners shaved 4¢ a gal. off premium grades. On the East Coast, major marketers pruned wholesale prices of regular in the wake of Socony-Vacuum's 4¢-a-gal. cut. Downward trend had already been noted on the West Coast (BW-Nov. 7'53, p. 36).

"Piggyback" rail service (BW-12'53, p. 110) was started this week between Chicago and St. Paul-Minneapolis and Chicago and Omaha by the Chicago & North Western Ry. The road had been trying out coordinated rail-truck service since August on the Chicago-Green Bay run, and says it produces a marked time saving on less than carload lots.

Unionization came nearer for the Great Lakes bulk carrier fleets this week when the CIO United Steelworkers won an NLRB election for the Pittsburgh Steamship division of U. S. Steel. The vote gives USW organizational rights over 1,337 unlicensed personnel on the 64 ships of the biggest Lake fleet. It puts USW in a strong position to organize other major fleets.



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1. Dramatic critic Cecil, man of great and wide renown, gives brilliant raves to Statler as the best hotel in town. And when he's on his travels catching up with recent plays, he finds a neat performance at the Statler where he stays.



2. Act One is in his bedroom and the setting's like a dream. The room is so luxurious that Cecil starts to beam. "Oh, what a huge success this Statler bedroom always makes! The bed's the best for sleep and rest. It's got just what it takes."



3. "The bathroom rates a few buzzas, this second act is swell. I love these towels and all the soap. They really ring the bell. The steamy water also rates a line in my review. It's nice and hot and hits the spot and always right on cue."



4. At dinner, critic Cecil finds the food a great creation. "I think this Statler chef deserves a special new citation. I know my colleagues will agree the staff is cast just right. They like the guests and do their best, and really are polite."



5. The theaters, too, are close at hand, a few short blocks away, for Statler's placed conveniently to see most any play. The morning after, Cecil pens some words of commendation: "The play ('tis sad) was very bad, but STATLER'S A SENSATION!"

"Girls! America needs more student nurses!"



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Make it a weekend at the Statler!



# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
NOV. 14, 1953

A BUSINESS WEEK

SERVICE

Congress may make two stabs at taxes next year—that's the talk now among House tax spokesmen and their staff experts. It's a procedure calculated to favor the taxpayers—you—though it may bring on another fight between the Administration and Congress. Here's how the thinking goes:

Step No. 1 would be a revision bill—relief for working mothers who employ baby sitters, bigger medical allowances, faster depreciation, easing of the double tax on dividends, etc. It would amount to a \$1.5-billion cut. (The excess profits tax and the Korean hike on individuals die, of course, on schedule.)

Step No. 2 would be rate rejiggering. Rates are slated to drop Apr. 1 on regular corporation profits and on a lengthy list of excises. The Administration doesn't want these cuts—it needs the money.

Here are the considerations behind the two-bill strategy: Revision will be popular in an election year, since it means tax cuts for many. If handled by itself, it will slide through. The rate bill, on the other hand, would block tax cuts that present law calls for, would thus be unpopular. The regular corporation tax, for example, is supposed to drop from 52% to 47% Apr. 1. The Administration wants to avoid this cut.

The timing of the bills is important, too. Revision will very likely be considered by the House early in the session. And that means delaying the rate bill. If it isn't passed by both houses by Apr. 1, excises on many items will drop—such things as alcoholic beverages, automobiles, cigarettes, sporting goods. It's worth watching. A drop in rates would mean lower prices while Congress makes up its mind.

Eisenhower won't pull any rabbits out of the hat when he starts sending Congress his program in January. His legislative plans are firming up, but as of now contain nothing really new. They will follow the middle-of-the-road line, but with some concessions to party "liberals."

An impression of the President you get from his aides: Eisenhower considers the basic wants of the people to be peace, a feeling of economic security, and confidence in the integrity of their government. In planning his program, he weighs each part in terms of the interest of the whole nation. He is aware of the big voting blocs that make special claims on government, but he is hard to bend where special interests clash with what he regards as national interest. Yet his program will have bloc appeal.

Take civil rights as an example. Eisenhower doesn't believe you can fix all complaints by a master federal statute. But he has a commission, under Vice-President Nixon, weeding out discrimination at the federal level, and putting pressure on employers, whether local governments or private.

The aged will get a play, too. Eisenhower wants to bring more people under the retirement benefits of social security.

The unemployed won't be missed in the plans, either. He wants higher standards for unemployment pay. After all, living costs have gone up.

Eisenhower may recommend that the minimum wage be raised above 75¢. But his major proposal in this field will be a broadening of the minimum wage to include most of those left out by the Democrats. In covered jobs, minimum wages generally are well above the level set by law.

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
NOV. 14, 1953

Taft-Hartley labor law revisions will be proposed. The big debate now is over the details. Labor-minded politicians within the GOP want Eisenhower to go "pretty far" in meeting union demands. For whatever Eisenhower wants is the official party stand as far as the public is concerned.

—•—

Farmers will get special attention, too. There's pressure on Eisenhower to go all the way on price supports—100% of parity. He has said farmers are entitled to this—if they can get it in the market place. But he's unlikely to back 100% as a government guarantee. What's indicated is a continuation of 90% supports, with some new refinements on production controls. The Administration doesn't like this. But it is being pushed around to the view that farm prices are politically very important.

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Hard money will be played down. This doesn't mean the Administration will be any less concerned about the purchasing power of the dollar. But the Democrats have portrayed hard money not as a stable dollar, but as a dollar hard to get, and high-priced when you borrow it. The effort now will be at stability of credit and prices, without "hard" money talk.

Public power may be played up a bit. Washington is determined that it won't step in where private power can do the job. But where multi-purpose projects are concerned—flood control, navigation, irrigation, or any of the many combinations—Washington will be handy. Officials squirm over charges they favor private power over public power.

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There will be no attempt to outdo past Democratic programs. Eisenhower is much too conservative for that, and so are the men about him. Besides, political opinion at the White House is that today's climate is against extreme programs. Emphasis is put on the fact that the Democrats are backing away from earlier positions on such things as a tough fair employment law, compulsory health insurance, and government-guaranteed jobs. So it's reasoned that a middle-of-the-road program probably will get bipartisan support in Congress.

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Political maneuvering will be fast in the next 12 months. There's no certainty Eisenhower can win a GOP Congress next year (page 25).

The big weapon of the Democrats? Fear of recession. That means that what happens to business in the next 12 months will be top politics.

The GOP will use corruption and communism to the fullest. The issue of Harry Dexter White wasn't brought out because of GOP political losses. Attorney General Brownell and the President agreed before the New Jersey defeat to give out the facts. Some Republicans think the disclosure did help the GOP win in the California congressional race this week.

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How far will the issues of corruption and communism be pushed?

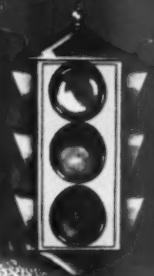
There's no way of telling. Much depends on the political necessities of the times. But there are hints that still more big-name Democrats will be spattered as time goes on. One official puts it this way: The Harry Dexter White incident is just one that has been turned up. Others will come along as Eisenhower officials comb the records of the old Administration.

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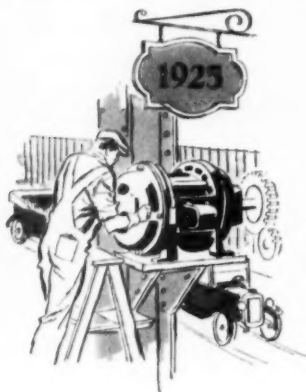
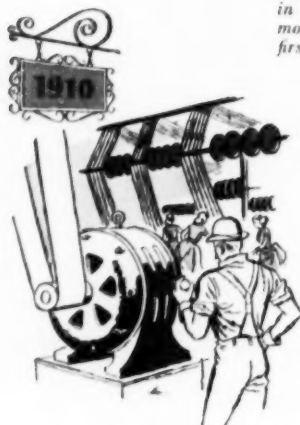
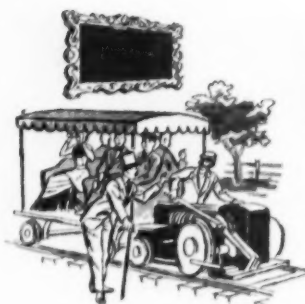
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*General Electric Announces...*

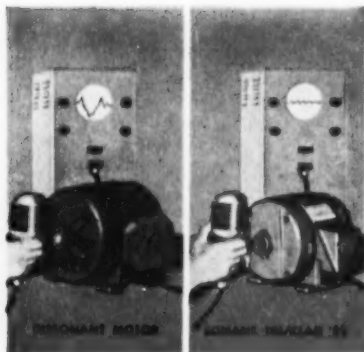
## A NEW MILESTONE IN MOTOR HISTORY

New **TRI 55 CLAD** motor climaxes  
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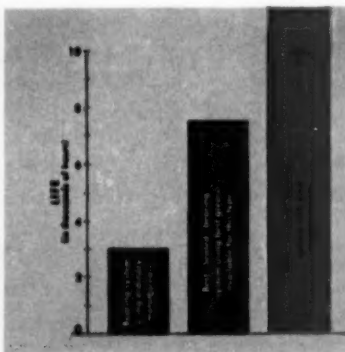
The General Electric Tri/Clad '55' is an important milestone in motor history. For this is a *completely new motor*. Born out of thousands of engineering man-hours, the Tri/Clad '55' incorporates design improvements that go far beyond mere modifications. Many years of pure research, the discovery of new, better materials, the knowledge of how to make better use of present materials, and improved manufacturing processes all make the Tri/Clad '55' motor the new leader in the motor field.

You as a motor user should take the opportunity to see and test this motor for yourself. Contact your nearest G.E. Apparatus Sales Office or G.E. Motor Agent and tell him you want to see the new G-E Tri/Clad '55'. General Electric Company, Schenectady 5, N. Y.

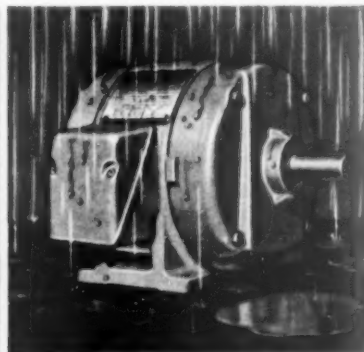
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**DESIGNED FOR BETTER PERFORMANCE:** Tri/Clad '55' has a low noise level... runs cool... gives up to 53% increase in shaft output per pound... has higher full-load speeds.



**ENGINEERED FOR LESS MAINTENANCE:** 10% life tests (such as the one shown) prove the Tri/Clad '55' bearings last longer without regreasing than any other bearing system.



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HP \_\_\_\_\_ FL RPM \_\_\_\_\_ CYCLES \_\_\_\_\_

VOLTS \_\_\_\_\_ PHASE \_\_\_\_\_ CODE \_\_\_\_\_

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FRAME \_\_\_\_\_ TIME RATING \_\_\_\_\_

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For complete volume billing work the Burroughs Direct Multiplier Typewriter-Billing Machine is the world's fastest answer. One big reason—on most applications, the usual three-step billing procedure of (1) calculating, (2) typing, and (3) machine checking, is reduced to one. Calculating and typing is a single, continuous operation; no machine checking is needed.

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**BREAKING THE NEWS:** William Zeckendorf (at desk), Jerome Ohrbach (next right), and chief vice-president David Berks tell press of New York plans as . . .

## Ohrbach's Moves Deeper Into Two Big Cities



**OLD DEPARTMENT STORES** McCreery's (left) of New York and Milliron's of Los Angeles will give way to Ohrbach's, which puts much faith in midcity locations.

Something like a retailing maelstrom whirled around Ohrbach's, Inc., last week. On two fronts this quality-at-a-price specialty store made headlines:

- In New York, president Jerome K. Ohrbach signed a 90-year lease with William Zeckendorf of Webb & Knapp (BW-Oct.31'53,p130). This opened the way for the home store to move from Manhattan's 14th Street straight to the citadel of big-league merchandising. Ohrbach's is taking over James McCreery & Sons' store on 34th Street.

- In Los Angeles, chairman of

the board Nathan M. Ohrbach (Jerome's father) was also readying for an opening day. Late this month another old department store, Milliron's (picture, above), will hang up the Ohrbach shingle.

- **New Worlds**—Two moves of such scope indicate that Ohrbach's has a formula that works—while department stores such as McCreery's and Milliron's have fallen by the wayside. Now retailers ask: Can the formula still work on this new, broader base? To see what the chances are, turn the page.



**NATIVE HAUNT:** Original Ohrbach store in New York is a hodgepodge of six buildings on lively 14th Street.





PACKED LIKE SARDINES, Ohrbach's customers scramble for bargains at overcrowded, "inefficient" 14th Street store.

## Ohrbach's: Low Markups, Big Business

The Ohrbachs, father and son, have made a bet with themselves that they can move from the teeming, congested quarters on New York's Union Square (picture, above) to 34th Street without disrupting their merchandising pattern. They intend to hold to their line of low markup, cash-and-carry, fashion merchandise in a market place where the retailing giants—Macy's, Gimbels, Saks, B. Altman, and nearby Lord & Taylor and Franklin Simon—hold the fort. They will be competing with big-timers who offer services and a wide variety of goods ranging over a broad segment of the price scale.

• **Meanings**—Ohrbach's sees in its move nothing but good to everyone concerned, except maybe 14th Street. The stores near Herald Square have greeted the news with handsome words of official welcome. But, at the least, the jump from 14th to 34th Street spells a new challenge to the retailers already there. At the most, it could perceptibly alter the course of future retailing.

Both the New York and the Los Angeles ventures have a double significance. They affirm (1) Ohrbach's confidence in its formula, and (2) its confidence in the downtown market. In Los Angeles, Ohrbach has had a shop in the outskirts on swank Wilshire Boulevard for five years; now it's going to the center of the city.

It's no wonder that retailers from coast to coast are eying Ohrbach's with more than idle curiosity.

### I. The Formula

When Vienna-born Nathan Ohrbach set up shop on 14th Street 30 years ago, he had one idea: to sell customers what they wanted at a good price. Plenty of merchants have had similar goals. But probably none has stuck to its guns more tenaciously—or used them more effectively.

"The most important reason why we have succeeded where other stores failed," says Ohrbach, "is that we have

been consistent. We have never deviated from the policy since it was set in 1923. Because we have been consistent, the people know we mean it, and that is how we get consistent volume."

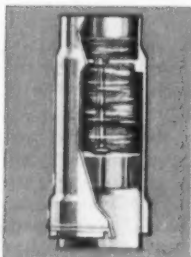
Just what does this policy entail?

• **Low Prices**—The price angle is paramount. Ohrbach's likes to sell at 20% less than its competition. To achieve this, the Ohrbachs long ago laid down the law of one basic markup on all goods. It's a low markup—ranging from around 18% to 22% in practice, against from 33% to 40% in the average good-sized store. The Ohrbachs have stuck to this markup with an almost fanatical zeal. They still tell the story of how the manager of the Newark (N. J.) store called one rainy day to say he could get a better markup on umbrellas—easy. "Nothing doing," roared Nathan into the telephone.

With only about half a normal markup to start with, something has to give if there's to be a profit. Ohrbach's has been ruthless on what's to give: It's



## *Gentle restraint on a 3-ton knee* keeps a shock absorber from being shocked



It is easy for the big 6600-pound landing gear we build for the B-36 bomber to absorb the impact of the 180-ton aircraft as it lands at 100 miles an hour.

Unfolding the gear for a landing is eased by a small shock absorber which gently cushions the knee of the big shock absorber (aircraft landing gears are just *big* shock absorbers). This restrains the knee from "slamming home" (as engineers term it) when it locks.

If you are plagued by severe shock in machines or apparatus you build, or if tiny flutter in your device tends to build up into large destructive waves, it will pay you to talk with us. Some vibration and impact problems are so complex that they require shock absorbers to cushion the shock absorber. But we believe no impact problem is so complex that it can't be solved. Write for descriptive booklet B-11.

### **Cleveland Pneumatic** *Tool Company* CLEVELAND 5, OHIO

Department B-11

**BALL-SCREW ACTUATORS • AUTOMOTIVE SHOP EQUIPMENT  
AIR-OIL IMPACT ABSORBERS**

*World's Largest Manufacturer of Aircraft Landing Gears*

### **To MOVE with less EFFORT**

Combining the screw with balls makes Cleveland Pneumatic's patented ball-screw actuator drive with as little as 10% friction . . . compared to as much as 50% for ordinary screw drives. You can cut the weight of a drive system, reduce its space, lessen its clumsiness, increase its control accuracy, and provide pin-point positioning. Let our engineers work out your ideas for our ball-screw actuators.





PRESIDENT MEETS MONEY MAKER IN PRESS ROOM

## Metal shop answers the '64 question with Farval...hits a \$366,600 jackpot!

**The Problem:** Lubricating large presses by hand in an Ohio metal stamping shop would have kept four men busy with oil cans—a \$64 labor expense per 2-shift day!

**The Solution:** Management installed Farval Centralized Lubrication on 26 presses in 1928, since then on seven more. The total investment in Farval was less than \$20,000. For these 33 large presses, only one oiler per shift is needed. And as a surprising extra saving, oil consumption dropped from 15 gallons to less than 4 gallons a day!

**Dramatic Payoff:** Eliminating 3 hand oilers adds up to \$312,000 in man hours saved in 25 years! Plus another \$54,600 saved on oil! Total saving — \$366,600. Even more important, Farval increases production by eliminating downtime for lubrication.

This example indicates the tremendous savings Farval provides on any industrial equipment—in man hours, lubricant, production time! Why not write for our Free Lubrication Survey to learn how Farval can help you?

### WRITE for: Free Lubrication Survey

Without obligation, we will send one of our lubrication engineers to inspect your plant equipment and to present a written analysis of what Farval can do for you.

#### Bulletin 26

Illustrated 20-page book tells the full story of Farval, how it works and how it can save you money.

Farval is an affiliate of The Cleveland Worm & Gear Co. Represented in Canada by Peacock Brothers, Limited

FARVAL is the foolproof Dualine system of centralized lubrication that delivers a measured amount of clean lubricant at regular intervals to every bearing. From a central station, lubricant is pumped under pressure to a measuring valve at each bearing, delivering the exact amount of lubricant required.

## THE FARVAL CORPORATION

3284M East 80th St., Cleveland 4, Ohio

the frills, the services that are the stock in trade of many department stores. At Ohrbach's a customer pays cash. She carries her packages home. She gets no alterations. In many departments she waits on herself, though in others—the higher-priced dress department, for one—she has as much sales help as she would find anywhere.

Actually, Jerome Ohrbach figures his payroll is not much smaller than that of other stores. There are from 4,000 to 6,000 employees at work in the three Ohrbach stores. "But we do have fewer clerks per sales dollar," Ohrbach adds.

• **Style and Quality**—Ohrbach's, however, long ago quit selling on price alone. Today it prides itself as much on the style and quality of its goods as on their low price tags. This factor has become increasingly important since the war, when Jerome Ohrbach came back from the Air Force to rejoin his father's concern. But in a way it was a built-in element from the start.

That's because both father and son have a conviction that not all retailers share. They extend the commonly accepted theorem that the customer is always right to include an important corollary: The average customer knows—and wants—quality when she sees it.

• **Buying**—To go in for style as well as intrinsic value at a low cost takes some doing. Some observers feel that the real Ohrbach story is not a price story at all; it's a story of shrewd behind-the-scenes operations. The Ohrbachs are regarded as akin to the old-line merchandisers of bygone days—the Strauses who built Macy's, the Wanamakers—who believed that if you buy right you won't have trouble selling.

Some of Ohrbach's buying is just what you would expect: a quick chance at a lucky break, a scoop on the manufacturer's close-out, big orders. "We bought 25,000 dozen pairs of stockings from one manufacturer last week," says Jerome Ohrbach, "and we got a wonderful price."

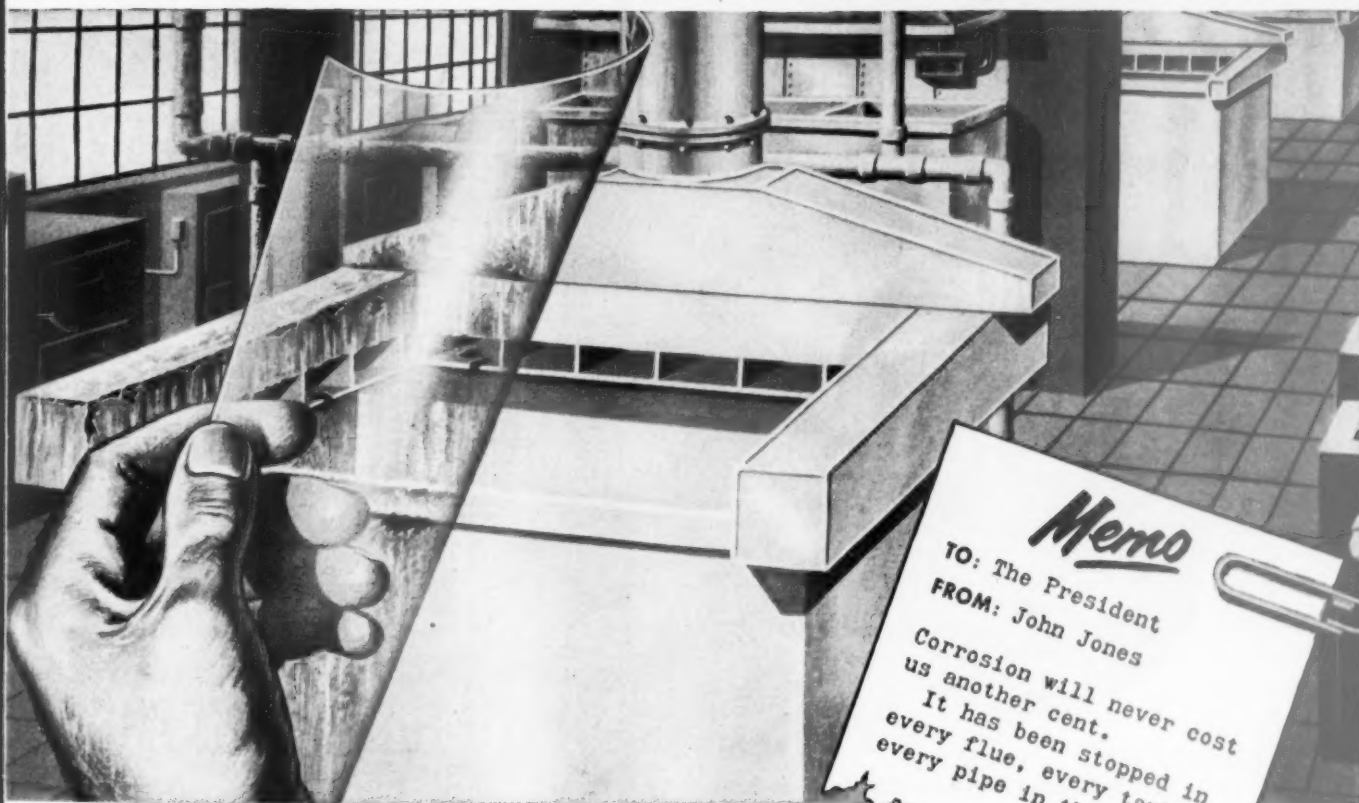
He insists, though, that price is secondary. And the stress on quality makes for complications. It requires good sources, often those that sell to Ohrbach's uptown competitors. Ohrbach's has latched on to good suppliers, by dint not only of big orders—and lots of them—but also of quick payment, no requests for advertising allowances, and the like. It makes one concession: It often sells the same goods as its competitors, but takes out the brand name label.

• **Magnetism**—The buyer has a pretty free hand. If her merchandise isn't selling, she marks it down. That is another tenet of the Ohrbach creed. The goods must sell. If they won't sell at the 20% markup, the markup comes down.

But the customer doesn't know this,



# Can you sign this memo to your president?



*Most certainly!...* WHEN YOU END CORROSION

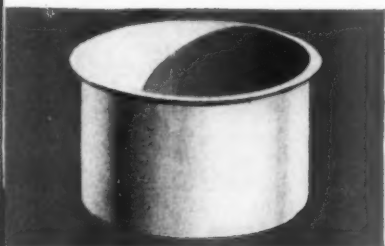
WITH UNPLASTICIZED P.V.C.

MADE FROM FIRESTONE EXON 402-A

Wherever Unplasticized P.V.C. made from EXON 402-A has been properly used, it has made corrosion a memory. In industrial applications, it outperforms customary metals—yet it costs less to install and to handle.

Unplasticized P.V.C. is light, rigid, extremely versatile—can be welded, sawed, sheared, stamped, milled, planed, drilled, embossed, rolled and cemented—on conventional woodworking or metalworking equipment.

Whatever your business or your problem, you're most likely to find your answer to corrosion in an Unplasticized P.V.C. installation. Proper use of this material of course, is necessary for maximum results. For details of interest to you, call or write:



**Ideal for Fume Ducts, Tank Liners, Similar Applications**—Unplasticized P.V.C. made from EXON 402-A is highly resistant to moisture, acids, oxygen, sunlight, aging and other corrosive elements.



**Industrial Pipe**—Extruded from Unplasticized P.V.C. made from EXON 402-A is resistant to all types of corrosion. It is extremely light weight in comparison to metal...easier and less expensive to handle.

Firestone



Chemical Sales Division

FIRESTONE PLASTICS COMPANY, DEPT. 8-9

★ POTTSTOWN, PENNSYLVANIA

A Division of The Firestone Tire & Rubber Co.

• NOTE: Firestone supplies the resin only, does not manufacture the end product.

# The Economical Answer To Your Maintenance Paint Problems

THE NEWEST DEVELOPMENT IN LATEX PAINT BY PIERCE  
for Offices • Hospitals • Schools • Hotels • Restaurants • Buildings



Here is the latest development in the paint industry — direct from the research laboratories of the F. O. Pierce Company. The F. O. Pierce Company — who pioneered Spiffy, the original tube color system for latex paints — and has been manufacturing paints for over a century — now proudly presents its greatest achievement, a low-cost polyvinyl acetate paint for maintenance use, fortified and enhanced with "Vinylum"—improved alkyd.

**IT'S FAST!** Here's a latex-base paint that can be brushed or sprayed — and dried in 30 minutes. Can be applied to any surface. One coat covers! Can be second-coated — where required — three hours later! Needs no priming — the primer is built right in! Excellent hiding power! Painters and Decorators Latex Flat can be applied right over new plaster, speeds the job, gives a hard, washable surface that's a craftsman's delight.

**IT'S VERSATILE!** Ideal for hospitals, offices and stores because it's completely odorless and non-toxic. Patients aren't disturbed by painty odors. Painting can be done next to workers in plants — in stores without affecting customers — near food without danger of contamination.

**IT'S LOW IN COST!** Costs less than any other latex paint on the market. Costs no more than the average oil-base flat paint. Saves painting time — tints economically because these latex colors are stronger. A test patch on paper for color dries in minutes, allows quick color checking and approval. 9 smart Latex Tinting colors permit a choice of hundreds of appealing shades.

NON-YELLOWING, PERMANENT WHITE  
and 9 LATEX TINTING COLORS

Permanent vermilion, chrome yellow light, monastral green light, venetian red, ultramarine blue, dutch brown, raw sienna, indian red, lampblack.

Specify Pierce Painters and Decorators Latex Flat on your next job — for economy — for convenience — and sheer decorative beauty!

**F. O. PIERCE COMPANY**

LONG ISLAND CITY 1, N. Y.

Famous Paintmakers Since 1847

unless she has had her eye on a particular bag or coat. Orbach's believes it's poor psychology to cross out the original price. It's saying, "We thought we could get \$20 out of you for this, but we couldn't." So Orbach's replaces the first tag with a new one.

The degree of autonomy Orbach's offers its buyers helps attract good ones. Another lure is that the buyer can spend his time in buying. He doesn't have to put it into promotion. For it's another basic tenet at Orbach's that there are never any special sales. The advertising is almost institutional. It quotes no prices, promotes no special merchandise. It looks smart—to make customers feel they patronize a prestige store.

This means that Orbach's isn't in there pitching every day. Its advertising budget runs less than 1% of gross sales; most sizable stores spend around 3%.

• **"It's Nice"**—So far, this type of operation has paid off in fast turnover, and in sales per square foot that are probably double the average. Better yet, to Jerome Orbach's mind, it has paid off in an efficient staff that stays with the company. "It's a nice company to be president of," he says candidly. Because it doesn't go all out to get high markups and to promote, it's a low-pressure store—as retail stores go.

All these factors contribute to an operating cost about half that of conventional stores—some 17% of sales against around 34%. The same factors also add up to a smaller net profit, somewhere around 14% instead of the 23% racked up by department stores last year. The Orbachs don't worry about that difference—if they can hold their volume.

## II. Will It Still Work?

Practically all in the trade concede that the \$65-million business they figure Orbach's will do in the next fiscal year (ending July 31) is good business. They concede, too, that on 14th Street the Orbach formula worked fine. But when it comes to 34th Street and downtown Los Angeles, some people are skeptical. They ask some questions:

- Can Orbach's hold its market?
- Can it hold its suppliers?
- Can it hold its cost and price lines?

• **Motives**—New York's 14th Street is a major market in its own right, as anyone knows who has tried to elbow along its sidewalks. Along with Orbach's are such big style-at-a-price stores as S. Klein, Hearn, Lanes. Those big competitors are undoubtedly one reason Orbach stayed so long. A good part of the market lives nearby, in Manhattan's lower East Side.

Orbach insists, though, that the neighborhood market is only part of its

**NON-FERROUS METAL TUBING**—.060" to .250" O.D.  
Taking "bow" or "set" out of tubing—6 in. min. to 14 ft. lengths.

**RESULTS:** 500% increase in production. Downtime reduced. Customers' specifications easier to meet. Maintenance at a minimum.

**COPPER AND BRASS TUBING**— $\frac{1}{8}$ " up to  $\frac{1}{2}$ " O.D.  
Tubing straightened to a specification of  $\frac{1}{32}$  in. deviation in 12 ft. lengths.

**RESULTS:** Definite production cost savings. Tubing size controlled to close tolerances and absolute roundness maintained. No objectionable marking. Desirable "skin-hardening" of annealed copper tubing.

# If you need straight tubing, you have a job for a **MACK-HEMP guideless ROTARY STRAIGHTENER**

**NICKEL ALLOY TUBING**— $\frac{3}{16}$ " to  $\frac{1}{2}$ " O.D.  
Removing waves and kinks to meet customer's specifications. Deviation not more than .006 in. per foot; .018 in. in 36 in.

**RESULTS:** Meets customer's specifications. No scratches. Operates so fast that it does not need to run continuously to handle production.

**ALUMINUM TUBES**— $\frac{1}{4}$ " to  $1\frac{1}{4}$ "—60 ft. lengths  
Straightening and bringing back out-of-round to roundness. Deviation .012 in. per ft.

**RESULTS:** Production boosted—10,000 feet of tube an hour. Tubing unmarked. Lowered production costs. Made a better product.

**BUTT WELD STEEL PIPE**— $1\frac{1}{2}$ " to 4" O.D.  
Taking bends out of pipe and eliminating "cooling-bed hooks."

**RESULTS:** High production and quality records. Maintenance, over years, exceptionally low.

Model AXY is the most popular of 12 sizes of Mack-Hemp Rotary Tubing Straighteners—a precision machine that straightens tubing from  $\frac{1}{4}$ " to  $1\frac{1}{4}$ " O.D., meeting straightness specification of  $\frac{1}{32}$  standard tolerance or better.

The application possibilities for Mack-Hemp guideless Rotary Straighteners extend through many industries. Constantly, more manufacturers of varied products which include pipe and tubing (from tiniest tube to large pipe) are placing these machines in their production lines with substantial advantage. What these Mack-Hemp guideless Rotary Straighteners are doing for them (exemplified here in some condensed case histories from our files), they may be able to accomplish for you.

Why not investigate? You can get all the details about Mack-Hemp Rotary Straighteners by writing for Bulletins No. 52 and S-7265.



Machinery Department

## **MACKINTOSH-HEMPHILL COMPANY**

*Makers of the Rolls with the Striped Red Wabblers*

PITTSBURGH AND MIDLAND, PA.

MACKINTOSH-HEMPHILL PRODUCTS INCLUDE: rolls . . . Improved Johnston patented corrugated under pads and slag handling equipment . . . Mackintosh-Hemphill rotary straighteners . . . heavy duty engine lathes . . . shears . . . steel and special alloy castings . . . completely integrated strip mills . . . shape straighteners . . . end-thrust bearings

Model A-4 is one of the largest Mack-Hemp Rotary Tube Straighteners. It will straighten pipe (5" to 15" O.D.) in lengths up to 60 feet with virtually no deviation in straightness over the entire piece. In Mack-Hemp Straighteners there are three pairs of opposed rolls, all six rolls driven.





# Does your Production Tag Measure Up?

Your production tag can work  
for you every inch of the way.

It can...

- Identify Raw Materials
- Route Production Operations
- Assemble Cost Data  
...for payroll and production records
- Simplify Inventory Control
- Schedule Inspection Stops...including re-machining, salvage, or scrap
- Control Finishing Operations
- Specify Storage or Delivery

Dennison research and design give your tag the full measure of EXTRA VALUE. It will pay you to talk it over with your Dennison representative.

**Dennison**  
MANUFACTURING COMPANY  
Framingham, Mass.  
Sales Offices in Principal Cities

CREATIVE DESIGN • TYPOGRAPHY  
POINT-OF-SALE IDEAS  
HIGH QUALITY PRODUCTION  
One price for the entire job...  
when you order from Dennison.

business. In fact, it's shooting for a broad income group—everything but the top and bottom 5%. At least one keen observer believes a big part of Ohrbach's customers are uptown shoppers anyway. "Sure, they'll lose some customers to Klein's," he says, "but think what they'll get from Altman's."

• **Plush Neighborhood**—Even if you grant that the store's market will follow

it, you might still wonder whether a store that abuts on Fifth Avenue can operate on the same budget as one on 14th Street.

Jerome Ohrbach, taking the affirmative, points out that the 14th Street store is an inefficient setup. Actually it's a jumble of six buildings. The areas are small, the floor levels broken up. Just moving stock around is a head

## THE MARKETING PATTERN

### Basic Dilemma of Department Stores

IN New York City, 116-year-old McCreery's is closing its doors to make way for Ohrbach's (page 43). In Los Angeles, Ohrbach's is taking over another department store, Milliron's. In Philadelphia, one of the city's six major department stores, Frank & Seder, closed its doors for good last week.

Coming within a few days of each other, these events seem to show that something is happening to the department store business. But what? What do these closings mean?

To find out, BUSINESS WEEK made a spot check of major cities throughout the country, polling department store people and their feelings in light of these developments. On the whole, BUSINESS WEEK found them unruffled.

In St. Louis the feeling is that "the demise of McCreery's is more the result of internal problems involving management than of a basic situation involving department store operation generally." In Los Angeles a store official says, "We're in excellent shape."

The optimism of department store people has risen perceptibly since a half-year ago. Profits are better—for the first half of the year—as the most recent report by the Controllers' Congress of the National Retail Dry Goods Assn. shows. Net profits after taxes came to 1.3% of sales during the first half of 1953 as against 0.8% for the corresponding 1952 period.

But the plain fact is that despite the department store man's reluctance to admit it—and the improved showing on the profit sheet—there are some deep problems troubling him. Ohrbach's two moves highlight some of these troubles.

THE big lesson from the Ohrbach moves is that the competitive struggle the department stores are waging is not cast solely in terms of

the downtown area versus the suburbs.

As the recent Boston University study shows (BW-Oct.24'53,p41), the downtown shopping district still packs a powerful sales wallop. Furthermore, aware of this, department stores have spent millions enlarging and refurbishing their downtown plants.

But the suburban drift has not been the only threat. Department stores have also lost business to a number of other types of specialty stores—appliance, family shoe and clothing, floor covering stores.

Why has this happened? The reasons are complex and have to do with the broad economic and sociological shifts of our time. Nevertheless, two factors stand out in the department store's diminishing share of the total market. One is the growing importance of consumer hard goods, a type of merchandise that is difficult for department stores to handle. The other is the growth of branded goods, which has meant that you can get essentially the same goods you get at, say, McCreery's, in dozens of stores all over town.

This has put the emphasis on price, and here the department stores have been licked hands down. Where a specialty store like Ohrbach's can do business on an operating margin of 17%, department stores do business on about 34%.

THIS throws into bold relief the department store's basic dilemma, which is roughly this:

The essential things about a department store—its credit policies, its broad selection of goods in all sizes and colors, its many services, its personal flavor—are all very costly. But if a department store cuts them out it ceases being a department store—and perhaps becomes a specialty store like Ohrbach's, which sells high-turnover items in big volume at low cost.

ache. Even though the new site will double the floor space, the Ohrbachs hope to operate more cheaply. One reason: On a per-square-foot basis, the rental for the new property is about the same as the old. Many observers, though, are skeptical of this reasoning.

• **Same Prices**—The low markup will still be a part of the deal, the Ohrbachs say. It's a slim margin. But they are counting on an eventual annual sales volume of \$45-million at the McCreery site. Trade sources estimate McCreery's did about \$15-million, and that the Ohrbach's 14th Street store sold maybe \$23-million to \$25-million a year.

The Ohrbachs admit there will be a tussle for their supply sources. The report is that they are trying to hire one of Macy's crack buyers to strengthen their ties with their sources—an indication of the competition in this field. But they think doing business with Ohrbach's is strong bait for any manufacturer.

As a trump card, Ohrbach's cites its Wilshire Boulevard store. This was frankly an experiment. It's a beautiful store, decked out with every device of modern merchandising. The Ohrbachs say the experiment has worked. For 90% of the goods sold, the 20% markup ceiling still holds, they say. And profitwise, it has kept up with the over-all Ohrbach ratio.

### III. A New Ohrbach's

In some respects, the old order will change. Both Milliron's and 34th Street will take the direction of the Los Angeles store in upgrading the plant. Welton Becket & Associates will do over Milliron's at a cost of some \$1-million. Raymond Loewy will do the same for the McCreery store.

It's upgrading its merchandise, too. Not so much in the top limit of the price range—you can pay \$200 for a dress at Ohrbach's now, and the management feels its customers won't stretch their purses much further. But there will be more—how much more the Ohrbachs aren't saying—of the better-quality goods than the stores now carry.

Another important concession to their new circumstances—and another bid for bigger volume—is the new lines the stores will add. Piece goods, drapes, curtains, blankets, perhaps men's wear are the things Ohrbach's has in mind. There will be one limitation: To keep its cash-and-carry policy working, Ohrbach's will sell nothing a customer can't take home herself.

### IV. Trend Setter?

No matter how much or how little Ohrbach's has to compromise with its new setup, it's clear that 34th Street is humming with excitement. Women's Wear Daily has reported that Macy's



## Helping the 'twain' to meet

The impressive Chesapeake Bay Bridge, which now links the eastern and western shores of Maryland, has reduced a journey which once took hours, to a matter of minutes. This multi-million dollar structure measures four and three tenths miles from shore to shore, with three additional miles of approaching roadways.

So vast an undertaking required the

combined skills of every segment of the construction industry—designers and engineers, contractors and builders—and of the banking and insurance industries which supported the venture.

Playing an important role in the project, U. S. F. & G. provided a variety of casualty insurance and surety bond coverages and thus helped the twain to meet.



Over ten thousand agents . . . there's one in your community. Consult him as you would your doctor or lawyer.

# U.S.F. & G.

CASUALTY-FIRE  
INSURANCE  
FIDELITY-SURETY  
BONDS

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Fidelity Insurance Company of Canada, Toronto

# This "FF" explosion was a matter of seconds...



**ONLY INSTANTANEOUS** action can prevent explosion when a burner flame goes out. Explosive gases collect faster than any attendant can shut down fuel . . . faster even than most mechanical controls can function.

Today, insurance companies require automatic safeguards for commercial and industrial burners to shut off fuel in 2 to 4 seconds after a burner Flame Failure [FF]. 4 out of 5 fuel burning plants do not have this protection. Most safeguards now in use actually require more than a minute for response. If *your* safeguard is that slow, you may

be relying on no safeguard at all!

Act before it is too late in replacing slow, half-safe controls with the modern, fully approved FIREYE System . . . the only complete and instantaneous safeguard for all types of fuels. With FIREYE, an electronic eye "sees" the burner flame . . . works with the speed of light when it goes out, to cut off fuel and signal operating personnel.

Thousands of installations the country over, prove FIREYE has no equal for reliability. It can be applied to oil, gas, coal burners "overnight" — for a negligible investment.

**Send Now!**



Covering the U.S.A. and Canada, factory-trained field engineers provide "know how" of Flame Failure safeguarding with FIREYE.

Why take chances? Even with modern equipment, the chances are 4-to-1 you do not have complete Flame-Failure safeguards. Send for this new "primer" on explosion hazards that tells how you can make simple checks on the protection you now have.

## COMBUSTION CONTROL CORPORATION

Dept. BB-11, 718 Beacon St., Boston, Mass.

Send booklet "Guarding Your Properties Against Flame-Failure Explosion".

Name  Title

Firm

Address

"... downtown is a key shopping area . . ."

OHRBACH'S starts on p. 43

comparison shoppers are beleaguering Ohrbach's to see what Macy's is up against. Will Macy's "6% less for cash" policy—or Fifth Avenue's 40% markup—stand up against a "20% less" policy just down the street?

• **Opinions**—Some observers think it won't. When a shopper finds out she pays \$190 for a coat with a label and she can get the same thing at Ohrbach's for \$150 without the label, she'll head for Ohrbach's, this school feels. The Ohrbach management believes that more and more stores will have to adapt its formula to their own uses: fewer deliveries, more self-service.

On the other hand, Ohrbach's may find the competition will force its hand—either to raise its margin or offer services. But, some experts point out, with a big price advantage to start with, Ohrbach's might charge for deliveries—and still send its customers away contented.

• **Plans**—The Ohrbachs grant that their formula wouldn't work for a big department store. There, big-ticket, slow-moving items require more than a 20% markup, and deliveries are essential. Neither would the Ohrbachs' personal kind of operation work for any setup that was too large. So they have set their sights on moderate goals: Sales of \$100-million a year, with a maximum of six or seven stores. These stores will mainly cluster around New York and Los Angeles—to keep down management and advertising costs.

Some of the new stores will be suburban. One is now in the works for Long Island. But the Ohrbachs adhere firmly to the rule that downtown is a key shopping area. The big population growth is in the outskirts—but the cities haven't shrunk, they point out.

• **Fortitude**—They believe, too, that no good store has anything to fear from Ohrbach competition. "I'll wager any amount that Altman's gets more business after we move in," says Jerome. Some of the weaklings may have to go, they hold. But since theirs is a special operation—and the customers know exactly what it is—they say they are not in direct competition with stores that offer different services. "Our customers will come to us for their soft goods," says Nathan Ohrbach, "and to the big stores for their big buys."

No one knows how well the Ohrbachs can pull off their enterprise. But judging from all the evidence, they'll give it a good try. "It takes fortitude to run this kind of business," says David Berks, executive vice-president, "but our basic assumption is that we'll stick to our principles."





## Our house? Built with wire rope?



Not only yours, Mr. Brown, but millions of others too.

A miracle of the postwar years has been the construction of more than 7-million new dwelling units. Accomplishment of this tremendous task has called for "muscles of steel"—rugged wire rope that is a vital factor in mining the ore, quarrying the stone and bringing out the timber that comprise the basic components of every house and building—large or small.

Supplying these "muscles of steel" to the giant that is American industry is our big job here at Wickwire—a job we've been doing well for over half a century.

In the mines . . . the quarries . . . the logging camps—and wherever wire rope is used, they'll tell you that for utmost safety, longer life and most economical service you can always count on the quality and strength that is built into Wickwire Rope.

**A YELLOW TRIANGLE ON THE REEL IDENTIFIES WICKWIRE ROPE**

**THE COLORADO FUEL AND IRON CORPORATION**—Arlene (Tex.) • Denver  
Houston • Odessa (Tex.) • Phoenix • Salt Lake City • Tulsa

**PACIFIC COAST DIVISION**—Los Angeles • Oakland  
Portland • San Francisco • Seattle • Spokane

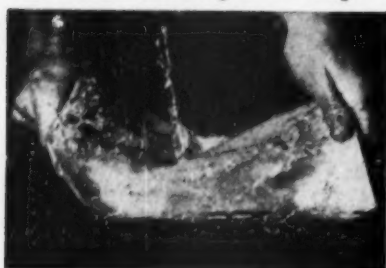
**WICKWIRE SPENCER STEEL DIVISION**—Boston • Buffalo • Chattanooga  
Chicago • Detroit • Emlenton (Pa.) • New Orleans • New York • Philadelphia

### WICKWIRE ROPE

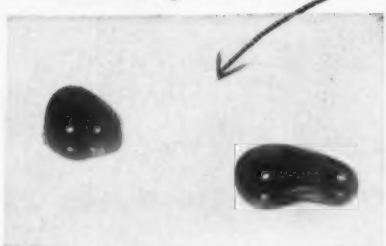


PROPERTY OF WICKWIRE SPENCER STEEL DIVISION  
THE COLORADO FUEL AND IRON CORPORATION

## This wet-strength Patapar



resists grease, too



oil drops won't seep through

Have you a problem that calls for paper that's strong when wet? That resists grease? That's absolutely non-toxic?

Those are some of the unique qualities of Patapar Vegetable Parchment. No amount of soaking or boiling in water will weaken Patapar. And when it comes in contact with fats, grease or oils it resists penetration. One type of Patapar (27-21T) is so grease-proof that drops of oil will stay on the surface in little globules. They will not creep or seep through.

### Solves many kinds of problems

Made from pure cellulose, Patapar is non-toxic and has no odor, no taste—nothing to impart "off" flavor. It makes a perfect protective wrapper for foods such as butter, bacon, hams, cheese, margarine, poultry, ice cream, celery, confectionery. In other fields it has such diversified uses as packaging oiled machine parts, drafting paper, rubber mold liners, separator sheets for mercury batteries—and an endless variety of other applications.

If you would like more information and samples of Patapar for testing, tell us the use you have in mind. Write today.



Look for this Keymark on Patapar food wrappers

**Patapar**  
Vegetable Parchment

HI-WET-STRENGTH • GREASE-RESISTING

**Paterson Parchment Paper Company**

Bristol, Pennsylvania  
West Coast Plant: 140 Bryant St., San Francisco 7  
Sales Offices: New York, Chicago  
Headquarters for Vegetable Parchment since 1885

## Furniture Hopes Soaring

Industry hopes to keep up the 1953 pace . . . Admen also hopeful . . . Cigarette makers jittery . . . Fair traders active . . . California Standard changes . . . Auto dealers scrap.

This has been a whopping year for the furniture business. In fact, at this point it looks as though 1953 may turn out to be the best year the industry has ever seen.

The size of the 1953 business may be obscured somewhat this fourth quarter by comparison with last year's outsize fourth quarter. However, going into the final quarter this year, sales were running between 4% and 9% ahead of last year, according to Chicago furniture people. And profits have been better. In the spring of 1952, retailers had to take big markdowns to get rid of excessive inventories, something that didn't happen this year.

Now the trade is beginning to think that 1954 may turn out to be just as big a year as this one.

The tipoff came from High Point, N. C., where the off-season "unofficial" show has just closed. Furniture makers are still pinching themselves. They report that the 1,700 buyers at High Point bought at a rate that shows the furniture trade is hoping to do a first-quarter business in 1954 equaling this year's.

sales for all industries declined slightly last year, from a little over 2.7% in 1952 to 2.6% this year.

**The cigarette that takes the FEAR out of smoking!**

PHILIP MORRIS has always contained an exclusive ingredient... "Di-GI"... that does not produce irritating vapors present in every other leading cigarette.

No other cigarette... with its exclusive filters... can remove all those irritating vapors.

Many other leading papers will greatly irritate the sensitive... whereas... and cause smoking pleasure of Philip Morris!

All in all, with these and many other... without the need for non-smoking papers or filters, the Philip Morris offer could not be better. For one reason... the pure pleasure... in a smoke.

**CALL FOR PHILIP MORRIS**  
American Cigarette Company—Made in U.S.A.

## Fear and Jitters

The widespread fear that cigarettes may induce lung cancer is making the cigarette makers turn some strange somersaults.

The latest gambit comes from Philip Morris (cut, above). The company comes as close as is possible to the word "cancer" without actually using it. It talks about "fear" and goes on to say that thanks to an ingredient Philip Morris uses ("Di-GI" or di-ethylene glycol), this cigarette "does not produce irritating vapors present in every other leading cigarette."

Philip Morris has already been slapped on the wrist by the Federal Trade Commission for its claims about Di-GI. An order was handed down last year (BW—Feb. 16 '52, p. 156) but is not yet final.

FTC told Philip Morris then to stop implying that Di-GI is an important factor in reducing irritation from smoking, and to stop implied disparagement of other cigarettes.

## Update: Fair Trade

Resale price maintenance—theoretically, at least—is a device whereby the

## Admen's Outlook

Advertising men can relax. If advertisers' plans pan out, next year is certainly going to be as good as 1953. Probably it will be better.

This is the gist of two studies just made by the National Industrial Conference Board and the Assn. of National Advertisers.

NICB's study found that half the manufacturers queried had increased their advertising budgets this year over last, and that 70% of them say next year's budgets will equal 1953's.

ANA's study is even more bullish. It found that out of 130 advertisers, no less than 123 plan increases next year. More pointedly ANA found out where they intend to put this increased advertising appropriation: 80% will increase their TV budgets, 50% consumer magazines, for example.

• **Caution**—There was one note of caution, however, sounded by both groups.

The Conference Board observed that increases this year have been slight, in some cases just enough to cover rises in advertising costs. This is borne out by the ANA study, which shows that the ratio of advertising revenue to net

manufacturer can protect his goodwill by protecting the minimum price at which his goods can be sold. That was the theory set forth in the key case—Old Dearborn—by the Supreme Court (BW—Nov. 7 '53, p. 43).

But in practice it is the retailer who sees to it that fair trade is policed.

• **Pressure**—Manufacturers can expect increasing pressure from retailers to jump on the fair trade bandwagon. The ranks of the retailers are being formed for the big push. This strategy became clear last week when the Bureau of Education on Fair Trade, the steering committee organized by the drug groups, issued a long list of statements by retailing and wholesaling groups subscribing to retail price fixing. Present and accounted for were appliance and TV dealers, jewelers, booksellers, tobacco dealers and wholesalers, hardware dealers, sporting goods merchants, tire and petroleum retailers, grocers (both wholesale and retail).

Typical statement was from the Retail Tobacco Dealers of America, which "anticipates that many more cigar manufacturers will now come under fair trade."

• **Fine**—Meanwhile, fair traders won a substantial victory in New York, one that should deter discount houses somewhat.

A federal court judge ordered Masters, Inc., a big discount house in Manhattan, to pay \$16,530 in legal fees and court costs for being in contempt of a court injunction forbidding price-cutting on Mixmasters and other Sunbeam Corp. small appliances.

## Standard Shake-up

For two years now, Standard Oil Co. of California has been quietly at work on what Standard people call "the big shake-up." This is a major reorganization of the company's whole marketing setup, the kind of thing that is happening more and more with the return of rough competition.

• **Retail Consignees**—Standard's reorganization, now in its final stages, has brought one particularly interesting development. It has produced a new kind of service station operation for Standard, based on the consignee idea found commonly in gasoline wholesaling but rarely in the retailing end.

Standard, along with other oil companies, already has two types of stations:

**Company-owned and operated stations.** These are the familiar red, white, and blue ones. Standard hires people to run them, puts them on a salary basis. The stations have one catch: Management and overhead costs are high, and they have to sell 20,000 to 25,000 gal. a month to pay off.

**Chevron stations.** These burgundy,

# Are machine tool "tapeworms" eating up your maintenance dollars?

Don't tear the hide off your plant engineer every time maintenance costs surge high. Check into your machine tools first. Chances are that "tapeworms" lurk deep inside their gizzards—draining your plant production system, eating up your maintenance dollars.

## Extricate machine tool "tapeworms" with Engineered Rebuilding

Factory Magazine reports that two out of every five plants review their equipment. It's the first step towards rebuilding. It's the only way to pinpoint your troubles, halt breakdowns of machinery that account for so much of your downtime, wipe out uncountable costs in repairs and new equipment.

## Break down your maintenance costs by machine tools

Factory says this is being done today by three out of ten plants, indicating it has a lot of value. Obviously, there's still plenty of hy-guess-and-by-gosh among the other plants. If you ever want to isolate this major drain on your maintenance budget, now is the time to start.

## Report those progress checks

Top management needs this information to pull a machine tool for rebuilding when the tool needs it—before the heavy expense starts.

## Exactly what is Simmons Engineered Rebuilding?

It's complete rebuilding and modernization "from the ground up." It includes dismantling down to main castings, thorough cleaning, testing of all bearings, replacement of worn parts, rewiring of electrical circuits, installation of hardened steel ways, renewing of all working surfaces by milling and grinding... plus the introduction of up-to-the-minute features to make the modernized machine operate at an even higher capacity than its original capacity when new.

## Cut your maintenance costs with this simple plan:

1. On your next maintenance check, note especially those complex, hard-to-replace machine tools. Are they operating as well as they might?
2. If not, list the ones you can temporarily spare.
3. Send us this list of machines. We'll promptly reply and, if necessary, send one of our engineers to make an on-the-spot examination of the tools which require rebuilding.

**SIMMONS MACHINE TOOL CORPORATION**  
1711 NORTH BROADWAY, ALBANY 1, NEW YORK • NEW YORK OFFICE: 50 EAST 42ND STREET  
Phone in New York: MUrray Hill 2-5941 • Philadelphia: VIctor 8-3133 • Pittsburgh: PEnhurst 1-3700

**SIMMONS  
ENGINEERED  
Rebuilding**

GIVES MACHINE TOOLS A NEW LEASE ON LIFE





## Science tackles the problem of "paper shuffling"

*How New Ideas and New Methods Speed Record-Handling for Business...*

**An old Business problem** is becoming so big it looks new. It's the "paper shuffling" problem, and its cost in wages alone is so great many firms are taking a doubtful look at the way they process records.

A medium-sized bank (\$200,000,000 resources) frequently has a payroll of \$240,000 annually in its Proofing and Bookkeeping departments. A medium-sized insurance company (\$1,000,000,000 of life insurance in force) may pay more than \$900,000 in wages to paper-handling employees. A medium-sized department store (\$30,000,000 gross) often incurs more than \$250,000 in Sales Audit, Accounts Payable and Receivable and Unit Control labor charges. The net profit of many manufacturers is exceeded by "paper shuffling" wages for invoicing, purchasing, cost and stock control and other data functions unique to individual firms.

**In an age of electronics** and mechanization, too many records are being processed by too many hands.

Science and Engineering — through Telecomputing Corporation — met the data processing problem head-on because progress was not possible without automatic record handling. Telecomputing applied New Ideas to mass "paper shuffling" problems. It designed and manufactured New Instruments. It developed New Methods of electronic communication and data-routing.

**Today,** as the pioneer in this modern field, Telecomputing offers New Ideas and New Methods to Business and Industrial firms with mass record-handling problems.

*Turn hours into minutes with Telecomputing.*

# TELECOMPUTING CORPORATION

BURBANK, CALIFORNIA • WASHINGTON, D.C.

cream, and green affairs are dealer-operated. In most cases they are owned by Standard and leased to the operator, who runs his own business and pays cash for his gasoline. He buys his products from Standard, though theoretically, as a result of the Supreme Court's decision in the Standard exclusive dealing case (BW-Jun.18'49,p21), he can buy from anyone.

The idea at Standard was to turn company-operated stations into Chevron stations when they weren't paying, on the theory that an individual operator would have the initiative to boost sales. But these hopes haven't always worked out. Sometimes the locations were so bad that no one wanted to stake any cash on them. In other cases the independent operators simply failed to build up the business.

• **New Setup**—So Standard has created a third type of station, which will be run by independent contractors. They are responsible for the operation of the station, pay all the operating expenses, hire and fire the employees. But their gas, oil, and merchandise are on consignment. When they sell, the company gives them a commission. So far Standard has set up six of these stations, in California and the Northwest.

Standard has also made drastic changes on the staff level. It used to have two administrative staffs, one for its 1,000 Chevron stations, another for the company stations.

To get greater efficiency and aggressiveness, Standard is now merging these two staffs into one, which will handle the whole retail operation.

At the same time, Standard has made another staff change. It has set up a new division to handle wholesale sales, formerly handled by the retail divisions.

## Hot War in Cars

Hot war in the auto industry is bringing family squabbles out into the open. Here are the latest skirmishes in two major battles:

**Ford vs. Chevy.** In Hawaii, Aloha Motors, Honolulu Chevrolet dealer, took newspaper space to belabor the island's Ford dealers for their advertising. It reprints as one exhibit a Ford agency's ad saying that it "must score 400 new Fords in April." Aloha says the actual registration of Ford cars that month came only to 196.

**Dealers vs. Car Makers.** The Missouri Automobile Dealers Assn. is urging the state legislature to pass a law forbidding Detroit's "unfair, coercive, and unrealistic" practice of overloading dealers with inventory. The association mentions "veiled threats" by manufacturers to remove franchises if quotas aren't kept. The group wants state licensing of dealers.



**ROCKWOOD FogFOAM** quickly drenches this loading platform at a midwest oil terminal.

## The case of the perilous platform

The platform above huddles perilously close to huge tanks of gasoline.

Should the connection to the tank truck break during loading, thus causing a static spark, a disastrous fire could result. The millions of gallons of gasoline stored in the tanks could go up in flames — and this flammable liquid fire, in turn, could spill to the river 50 yards away jeopardizing not only the decks and surrounding industrial area but the entire river traffic — much of it containing strategic material,

hailed by river boats!

Luckily, such a fire never stands a chance — thanks to Rockwood FogFOAM.

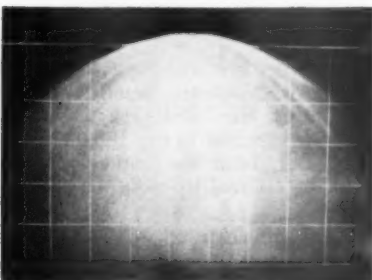
This remarkable liquid automatically goes into action *within 5 seconds* of a fire's start — immediately cools the entire area, blankets the platform, con-

trols the fire, and protects the surrounding area in a matter of minutes. A result of combining water and a special FOAM liquid, then engineering it through special Rockwood equipment, Rockwood FogFOAM is but one of many ways in which Rockwood engineers water to cut fire losses.

## ROCKWOOD SPRINKLER COMPANY



**Engineers Water . . . to Cut Fire Losses**



**NEW ROCKWOOD WaterFOG SPRINKLER HEAD** now makes possible the use of Rockwood WaterFOG in conventional sprinkler systems for any type of building. Underwriters' standard allows up to 30% more area than ordinary heads.



**FIRE-FIGHTING DYNAMO** is this midget fire truck. Equipped with powerful Rockwood WaterFOG and FogFOAM, it quenches fires in seconds. Can be a one-man operation!

SEND FOR THIS INFORMATIVE BOOKLET

**ROCKWOOD SPRINKLER COMPANY**  
112 Harlow Street  
Worcester 5, Mass.

Please send me your illustrated booklet on WaterFOG Sprinkler Fire Protection.

Name.....

Title.....

Company.....

Street.....

City.....Zone.....State.....

**G W**

ENGINEERED WAYS TO BETTER BUSINESS

FOR A  
**NEW  
ANGLE**  
ON OFFICE  
EFFICIENCY

**TECHNIPLAN**  
ENGINEERED MODULAR OFFICES



**WORKING PRIVACY**, comfort and top efficiency, despite space limitations, are daily contributions of steel **TECHNIPLAN** to office operations of all sizes and kinds.

**INTERCHANGEABLE** components provide custom-fitted job facilities for every kind of office work with unlimited flexibility for rearrangement — and with partitions if desired.

**REALIZED** are maximum space utilization, better worker morale, orderliness, and highly attractive appearance.

**NEAR YOU** are **TECHNIPLAN** installations you can inspect; ask your G/W Dealer, listed in classified phone book under "Office Equipment."



## Now! FREE STANDING PARTITIONS

FOR PRIVATE OFFICES...  
EXECUTIVE SUITES

Standard interlocking steel partitions in 2 heights; steel or glass (clear or decorative) panels, are anchored to the floor to form any desired space enclosure; readily rearranged at will.

Complete **TECHNIPLAN** catalog sent free on request; please use letterhead. Address Dept. 12-B.



Engineering Specialists in  
Office Equipment, Systems  
and Visible Records

Cincinnati 12, Ohio

## MARKETING BRIEFS

Educated taste buds pushed sales of specialty foods—imported cheese, cookies, herbs, sauces, and the like—to a record \$1.1-billion in the year ended Sept. 30, 1953. So says Victor DeRobertis, of the National Assn. for the Specialty Food Trade. Imports account for a big part of this market.

**Regulation of Trade**, a textbook by law professor Heinrich Kronstein and lawyer John T. Miller, Jr., is a compendium of the legal phases of distribution. It covers all aspects of commercial law, citing key court decisions on such questions as the right to sell or refuse to sell, unfair competition, horizontal price-fixing. Fallon Law Book Co., New York, publishes it. Price: \$10.00.

**Macy's** plans a new branch—in Roosevelt Field, Long Island, N. Y. This is the big store's fifth—and largest—branch in the metropolitan New York area. The ubiquitous William Zeckendorf is involved; Roosevelt Field, Inc., is an affiliate of the Webb & Knapp real estate concern (BW—Oct. 31 '53, p130). The new Macy store will be part of a \$35-million shopping center.

**Hotpoint** added its voice to the cry for "one line to a dealer" in appliances (BW—Jul. 18 '53, p66). John F. McDaniel, vice-president, predicted at Hotpoint's annual distributors meeting that 1954 will bring a general shakedown in the industry. Hotpoint promised a new franchising program—including price protection—next year to help the dealer who chooses the Hotpoint line.

**Confusion in TV:** General Electric laid off 400 employees in its TV department. Television Digest reports cutbacks at RCA Victor, Crosley, Raytheon, and Arvin. Emerson reported a record for the year ended Oct. 31, with TV shipments for the month the highest ever. Motorola also reported a record nine months.

**Piano sales** are up, New York State Dept. of Commerce reports. Though still below the 1920 peaks, sales this year are expected to top 180,000 units. TV, radio, and the bumper crop of children are credited with the upswing.

**Fluorescent color** brightens newspaper advertising in the Seattle Times. Pacific National Advertising Agency, and ink manufacturer Sinclair & Valentine Co. worked together on the ads. Wm. O. McKay, Ford and Mercury dealer, made this new contribution to razzle-dazzle auto selling.



**Satisfaction rests on the carton**



Nebraska Consolidated Mills Co. uses this good-looking Union corrugated shipping container to merchandise its Duncan Hines

franchise name and tie its product in strongly with the famous "Adventures in Good Eating" series. Union's outstanding package design service can help you create a more effective container, and Union's attractive board stock (manufactured on double-headbox paper machines) and superior color printing will make the most of it for you.



**UNION BAG & PAPER CORPORATION**

CORRUGATED CONTAINER DIVISION • Box Plants: Savannah, Ga., Trenton, N. J., Chicago, Ill.

Eastern Division Sales Offices: 1400 E. State St., Trenton 9, N. J. • Southern Division Sales Offices: P.O. Box 570, Savannah, Ga.  
Western Division Sales Offices: 4545 West Palmer, Chicago 39, Ill. • Executive Offices: Woolworth Bldg., New York 7, N. Y.

## Why Cushionlok\* Acoustical Carpet makes a noisy office quieter!



### Absorbs up to 90% of floor noise!

Bigelow Cushionlok is a handsome, durable acoustical carpet specially constructed to absorb up to 90% of the nerve-jarring noises created by footsteps, falling objects, moving furniture etc.

### Quick, easy installation!

Cushionlok can be installed while "business goes on as usual." It needs no cushion lining (it has its own built-in rubber cushion). It can be cut in any shape, matched or pieced.

### Cuts maintenance costs.

Commercial cleaning contractors estimate that it costs 60¢ per foot annually to maintain hard surface floor covering, as against 16¢ per foot for Cushionlok. That means Cushionlok saves you over 73%.



### Send for a sample of Cushionlok.

Write on your business stationery to Dept. A, 140 Madison Avenue, New York 16, N. Y. See why Cushionlok is so perfect for offices, stores, banks etc., where there is noise and traffic.



### Quiets echoed sounds, too!

Cushionlok hushes the din and clatter caused by voices, machines, buzzers etc. It has such a high sound-absorption coefficient that often no further acoustical treatment is necessary.

## Bigelow Cushionlok Carpet

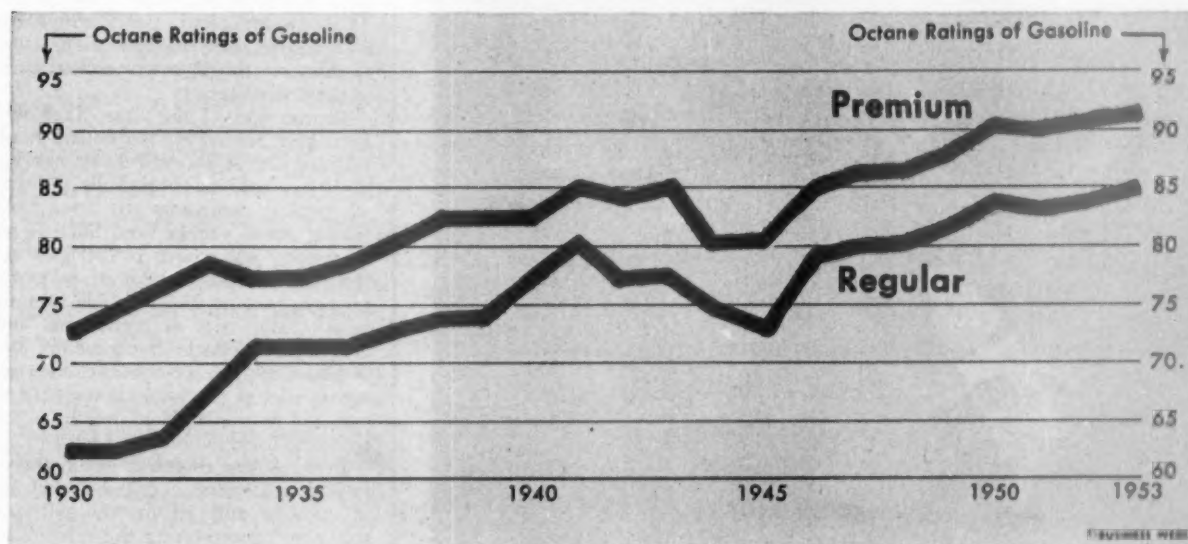
For Better Acoustics

\*Reg. U. S. Pat. Off.

# COMMODITIES



**ADDITIVES** in gasoline serve two purposes: They help make modern high-compression auto engines work efficiently, and they help the industry sell gas—which is in oversupply. The competing . . .



**OCTANES** serve the same two purposes, but they go about it in an entirely different way. There's hot competition between the two schools of thought, and within each school. It means war for . . .

## Gasoline: Hottest Battle in Years

Ask any gasoline company executive, and he'll tell you that the industry doesn't want a gasoline race any more than nations want an armaments race. Yet the gasoline industry is now in the midst of its biggest battle in years—a battle that's progressively getting hotter and hotter.

Shell Oil Co. fired the opening gun

in early summer. It put the biggest advertising push in its history behind its new premium gasoline—with an additive called "TCP" (for tricresyl phosphate). The industry sat back for a while, waiting to see what would happen. Then, as Shell started making real headway in the market, one oil company after another jumped into the fray with an an-

nouncement of its own new, better, more powerful gasoline. And behind the marketing free-for-all, another battle has shaped up—the battle of the additives vs. the octanes.

• **Take Your Choice**—By way of additives, the happy motorist can now choose among Shell's TCP, Sunset Oil Co.'s AD, Jenney Mfg. Co.'s DC, Deep



Better see  
**H&D!**



**H&D**

**HINDE & DAUCH**

Rock Oil Corp.'s ETC, Frontier Refining Co.'s RTG, and Petco Corp.'s TTF. And, from all signs, this is only the beginning.

The other camp stresses high octane gasoline that burns clean, gives top all-around performance—and, so its backers argue, doesn't need new additives. This group is well represented by Esso Standard Oil Co., which unveiled its own new premium gas last week. Esso showed where its heart lay in the opening ad in its campaign: "Let's forget the rest of the alphabet—let's look at the ABCs of premium gasoline quality."

• **Oversupply**—Background to the battle is the sharpening competition within the industry. Gasoline is in oversupply; so are gasoline stations, as each company pushes to get a bigger share of the market. Price wars that are raging now in various parts of the country are a symptom of this oversupply, particularly of the gasoline stations.

In such a situation, nearly everyone in the industry knew that a gasoline race would develop some day. Shell didn't cause it; the company merely triggered it. New refineries to produce higher octane gas had already been built, or were being built, at the time of the TCP announcement. But Shell was the company to start the ball rolling—and, in doing so, it got a tremendous competitive advantage.

By the end of this year, Shell will have spent several million dollars in advertising its TCP. And so far the big push has paid off beautifully. Nearly all gasoline companies shy away from talking about volume, and Shell is no exception. But reports in the trade are that the company's sales of premium gas have gone up 25% to 45% in some areas. And sales of regular gas and other Shell products have gone up, too.

• **The Car**—The key to the additive-octane part of the battle is the auto itself, and its needs. Here, briefly, is the technical background to the fracas:

In a gasoline engine, a piston moves in and out within a cylinder, drawing in gasoline and air on the outward stroke and compressing the mixture as it moves back in. The compression ratio is the ratio of the cylinder volume with the piston out to the volume with the piston in. The higher the ratio (that is, the more the gas-air mixture is compressed), the more powerful the explosion that pushes the car forward.

But there's a hitch. As the gas-air mixture is compressed, it gets hot. If it's compressed too much, and gets too hot, it will explode before it should. This is pre-ignition, or what gasoline advertising calls knocking. It wastes power, and severe knocking can hurt the engine.

• **Octanes**—The major solution to the problem is to make gasolines that will

# The Most Important Safety Development in Exhaust Fume Control ... Death to Carbon Monoxide and Hydrocarbons

## The OCM Catalytic Exhaust

### A Houdry Catalyst Development

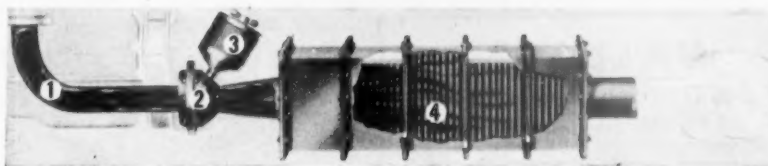
A death sentence for two killers — a proven answer to one of industry's most critical problems — that's what the OCM Catalytic Exhaust means to you today.

You know the deadly risk of carbon monoxide wherever gasoline-powered equipment is used indoors. The hydrocarbons in exhaust fumes are even more dangerous. Now, with the OCM Exhaust, both these threats to life and health can be easily, economically ended.

Now, with the OCM Exhaust, you can operate lift trucks, tow trucks, loaders, auxiliary generators — any type of machinery run by an engine burning non-leaded gasoline in even the most closely confined areas — continuously, efficiently, safely. And without the cost of extensive ventilation systems.

The OCM Catalytic Exhaust eliminates 95% or more of the carbon monoxide—99% of the hydrocarbons — from any engine in which you use non-leaded gasoline. Connected to the engine exhaust manifold, strong, compact catalytic units "burn out" harmful, foul-smelling fumes and odors before they reach the air you breathe.

Think of the significance. The ex-



(1) Connection to engine exhaust manifold. Cubic inch displacement of engine determines number of catalytic units needed. Almost any size engine can be equipped. Tested and listed by Underwriters Laboratories, OCM is strong—rupture-proof under explosion. • (2) Venturi or air inlet connected directly to exhaust manifold flange. Introduces fresh air into exhaust gas stream to provide necessary oxygen. • (3) Fresh air filter prevents contamination—keeps foreign matter from entering exhaust system. • (4) Catalytic units here eliminate carbon monoxide, hydrocarbons, fumes and odors. Units give 2000-2500 hours of trouble-free service—can then be quickly, economically replaced. OCM Exhaust imposes no more back pressure than standard muffler—often less. A thermocouple connected with pyrometer on instrument panel keeps constant check on catalyst efficiency. Non-leaded gasoline must be used.

haust fume problem is great and growing. Now, with the OCM Exhaust, you can have cleaner, safer air inside your plant. For your employees this means an end to fume-caused headaches, eye irritation and nausea — perhaps serious undermining of health. For you it means all the advantages of higher employee productivity and morale.

### Easily Installed By Your Own Mechanics

The OCM Catalytic Exhaust is designed to replace the standard gasoline engine muffler. It is available as original equipment from leading concerns such as Clark Equipment Co.—or can be fitted right on your present gasoline engines. Your own mechanics can install it quickly, easily, without changing clearances.

The OCM Catalytic Exhaust is today a proven success — used by many of the country's biggest industries.\* Developed by the noted inventor, Eugene Houdry, who discovered the catalytic cracking process and who

has given half a lifetime to catalytic research, the OCM is the most important safety development in exhaust fume control ever produced. Wherever you operate gasoline-powered equipment indoors — even part time — you have a real, a critical, need for the OCM Catalytic Exhaust. Write now for complete technical information and name of nearest supplier.

\*Names of users on request

**OXY-CATALYST, Inc.**  
WAYNE, PA.

Send in the coupon below for new illustrated folder on the OCM Catalytic Exhaust, and complete technical information.



**OXY-CATALYST, Inc., Wayne, Pa.**

Send me complete technical information on the OCM Catalytic Exhaust and name of nearest supplier.

Name \_\_\_\_\_

Firm Name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

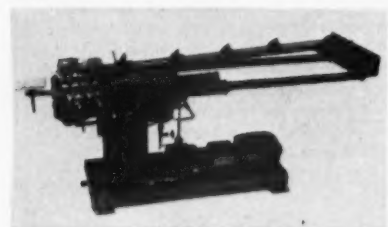
**NOTE.** This company makes catalysts for air pollution control and waste heat recovery in drying ovens, incinerators, oil refineries, and many other industrial operations. Write for details.

# improve on hand bending

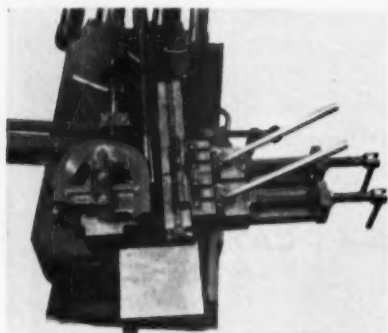
WITH LOW FIRST COST —  
COMPACT FLEXIBILITY  
SIMPLIFIED OPERATION

## WALLACE BENDING MACHINE

It's plain, sensible good business to investigate the advantages of using a No. 800 1 1/4" Wallace semi-automatic, hydraulic rotary bender in your shop.



For 190° rotation in either direction—for accurate, uniform cold bending at moderate production rates—short or long runs. Simple inexpensive tooling. Easily changed for right or left hand operation. Single valve for 190°. Compact—only 21" x 34" x 34" high. Only 900 lbs. Available with or without mandrel unit.



The top view of the Wallace No. 800 shows optional toggle clamps for rapid positioning of tubing; plane gage to index previous bends; interchangeable bending dies; and special stop gage on the mandrel rod for sequence bending.

WRITE FOR BULLETIN 35—SECTION I  
**THE WALLACE SUPPLIES MFG. CO.**  
Dept. BW 1312 DIVERSEY PKWY.  
Chicago 14, Ill.



not explode until higher temperatures are reached. This is done by special refining techniques, and by adding chemicals, particularly tetraethyl lead, to the gasoline. The so-called octane number is the measure of the antiknock quality of the gasoline. As Detroit has built engines with higher and higher compression ratios, oil companies have produced higher and higher octane fuels to run them efficiently (chart, page 61).

Average octane rating of premium gas now is around 92.0. Although Esso doesn't say so in its advertising, its new premium gas is generally around 94.5 octane.

At the same time, one independent refiner, Leonard Refineries, Inc., is selling 96 octane gas. This is probably the top octane rating now selling anywhere. But it won't be for long. Douglas Oil Co. of California, another independent, is building a refinery that will give it 97 octane gas.

• **Additives**—The additive side of the argument goes like this: Higher octane gas for higher compression ratio engines works fine when the auto is new. As the car gets older, however, carbon and other deposits build up inside the combustion chamber. These cause trouble in two ways: (1) By decreasing the volume inside the chamber, they raise the compression ratio still further—above what the auto maker intended, and, in some cases, above what the octane rating of the gasoline can handle. And (2) the deposits insulate the cylinder so that the heat can't escape readily; this causes the gas-air mixture to heat up still more.

Claims made for most of the new additives are that they hinder formation of engine deposits and neutralize deposits that are already there. Instead of increasing the octane rating of the gasoline, they decrease the engine's octane appetite.

At midweek, Ethyl Corp., leading manufacturer of tetraethyl lead, announced that it, too, had developed a new additive, and was making "experimental samples" available to the oil industry. Ethyl's claims for its additive are similar to those made for TCP and most of the other additives. And du Pont, the other maker of tetraethyl lead, is reported to be ready with an additive of its own.

• **Side Effects**—Two trends are emerging clearly from the current ferment:

• The spread between prices of regular and premium gas is widening. Almost every oil company raised its tank wagon price (price to the gas station) upon introducing its new premium gas—and found that the gas moved well anyhow. At the same time, some companies are combining these price increases for premium gas with reductions for regular-grade gas in some areas,

particularly in the East. That way, they can attract the quality-conscious motorist—to whom price doesn't seem to be an important factor—and also compete for the thrifty motorist's business with regular gas.

• The small refiner is getting a stronger position in the market. New methods of refining, and smaller refining units, mean that he can produce top-quality gasoline as efficiently as the majors can. Traditionally, private brands have sold at about 2¢ a gallon less than the major brands—and have leaned heavily on the lower price as their main appeal. Now more and more of these smaller marketers are narrowing the differential between themselves and the majors, and are stressing quality instead.

## Nickel Pinch . . .

. . . still goes on, though controls are officially off. Trouble is that supply isn't catching up with demand.

Anyone who took decontrol of nickel on Nov. 1 as a sign that there would be plenty available is in for a disappointment. Government officials frankly admit that nickel is still short—and, says Office of Defense Mobilization Director Arthur Flemming, there won't be enough nickel for the civilian economy "for a long time."

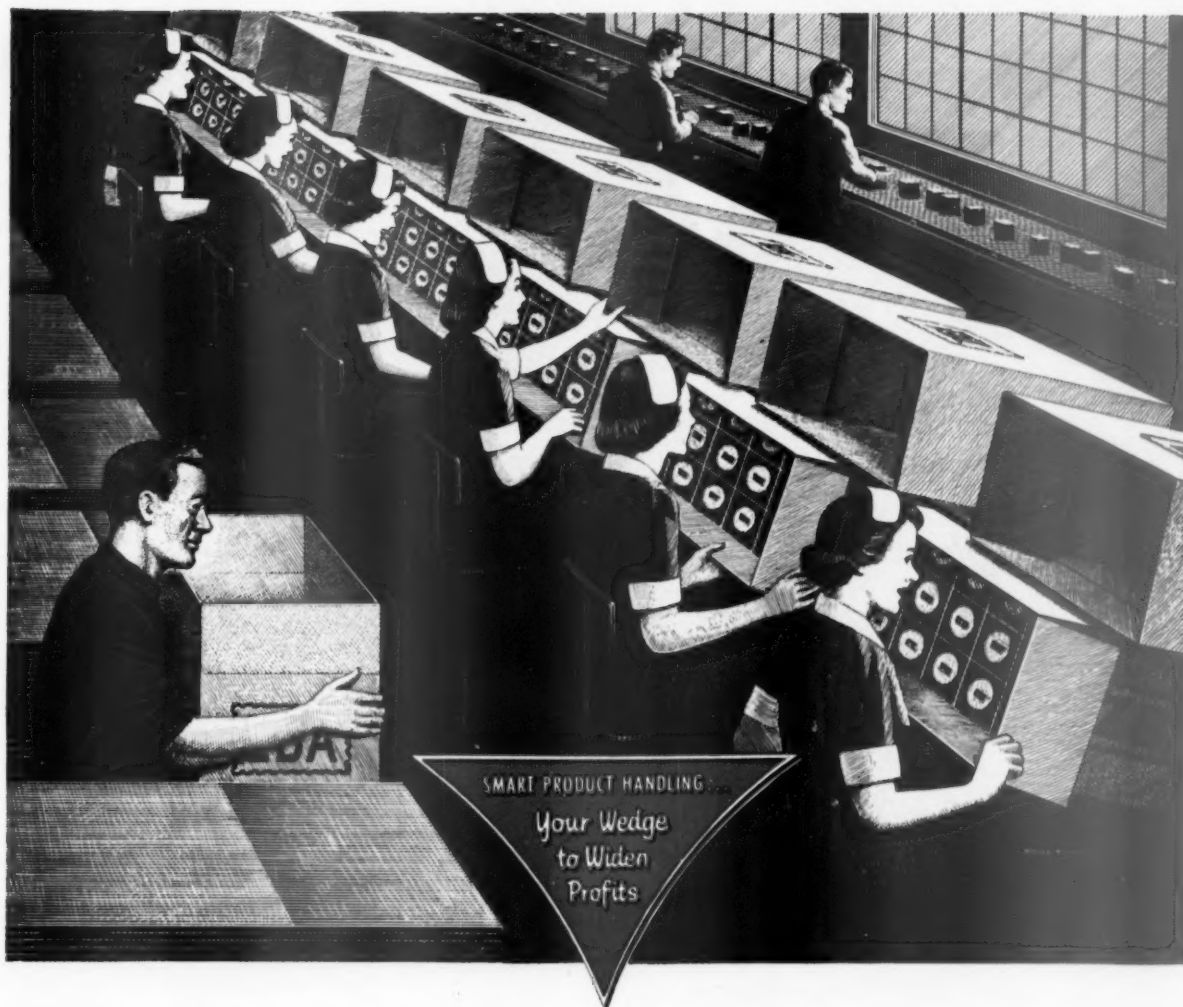
Government priorities for the military, the Atomic Energy Commission, and the stockpile are still in effect. Military and AEC contractors now take up about 40% of total nickel supplies. In addition, ODM is buying substantial amounts for the stockpile. After these priority needs are fully met, civilian nickel users are getting, on the average, about 65% of their pre-Korea supplies—or just about what they were getting under controls.

• **Why Decontrol?**—In view of the continued shortage, why were controls taken off? Many Washington observers feel that ODM, which keeps its finger on the supply-demand pulse, was reluctant to make the move, but gave in to prodding from the Commerce Dept.

Decontrol was strongly recommended by the steel industry and by makers of nonferrous alloys, the two largest users of nickel. Electroplaters also pressed for decontrol; they were primarily interested in getting rid of end-use restrictions, which banned nickel plating on such things as cigarette lighters, hair curlers, door knobs, and letter boxes, and limited the thickness of the plating on other goods.

In the face of all this pressure, ODM





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gave in, dropping both the end-use restrictions and the allocations. But in his decontrol announcement, Flemming said specifically that increased supplies were not a factor in the situation.

- **More from Cuba**—In the meantime, nickel remains at the top of the government's raw materials expansion program. Two expansion projects, both of them in Cuba, are getting seriously considered by ODM and the General Services Administration:

- Increased capacity for the government-owned Nicaro nickel plant in Cuba (BW-Mar.7'53,p146), which would boost the current 28-million-lb. annual output by about 75%. Sufficient ore reserves for an expanded Nicaro operation have already been proved by the Bureau of Mines.

Before deciding how to expand Nicaro, the government is now studying alternative processes for getting metallic nickel out of Cuba's ore (Nicaro's output now is nickel oxide, which has fewer uses and isn't so valuable as metallic nickel).

- A deal with Freeport Sulphur Co. for construction of a nickel plant at Moa Bay, 100 mi. east of Nicaro (BW-Apr.25'53,p33). Armed with a new process for getting metallic nickel and cobalt from the ore (this is one of the processes the government is considering for Nicaro), Freeport is already building a pilot plant at Moa Bay. Now the company would like the regular five-year government purchase contract, and a certificate of necessity that will give it a fast tax writeoff when it builds its full-scale plant.

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## COMMODITIES BRIEFS

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**Cotton crop** this year is put at 16.1-million bales in the Agriculture Dept.'s latest estimate—up 500,000 bales from the previous estimate. It's a safe bet that most of the extra cotton will end up on government loan. Agriculture Secretary Ezra T. Benson has proclaimed cotton marketing quotas on next year's crop; farmers will vote Dec. 15 on whether to accept them.

- **American Viscose Corp.** is following Celanese Corp. of America and du Pont in raising the price of acetate filament yarns. The price hikes are causing a good deal of surprise in the trade—coming, as they do, in the face of a weak market for acetate yarns and fabrics.

- **Beef buying:** Agriculture Dept. reports that since last March it has spent \$73.9-million for beef products in its attempt to prop falling cattle prices. The beef is going for school lunches and to other nonprofit outlets.

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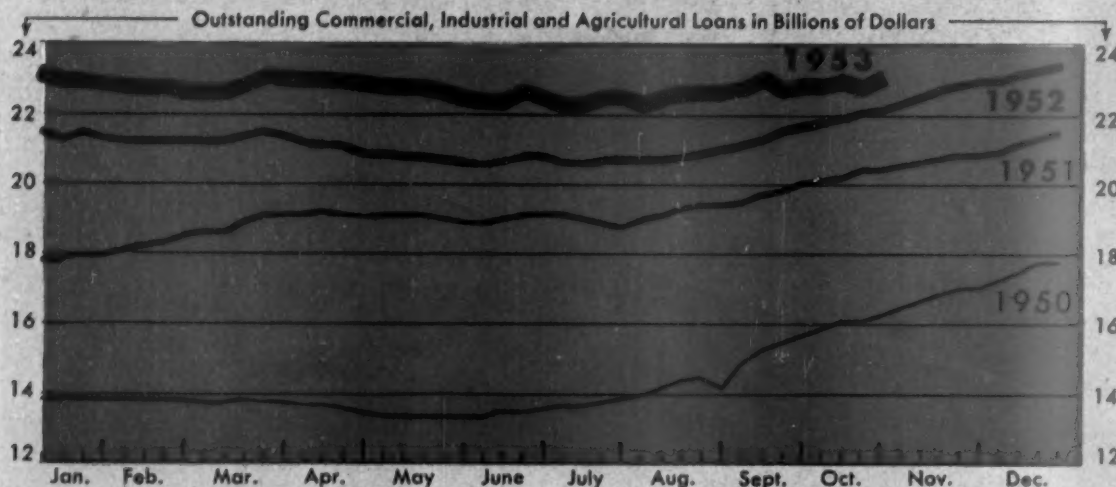
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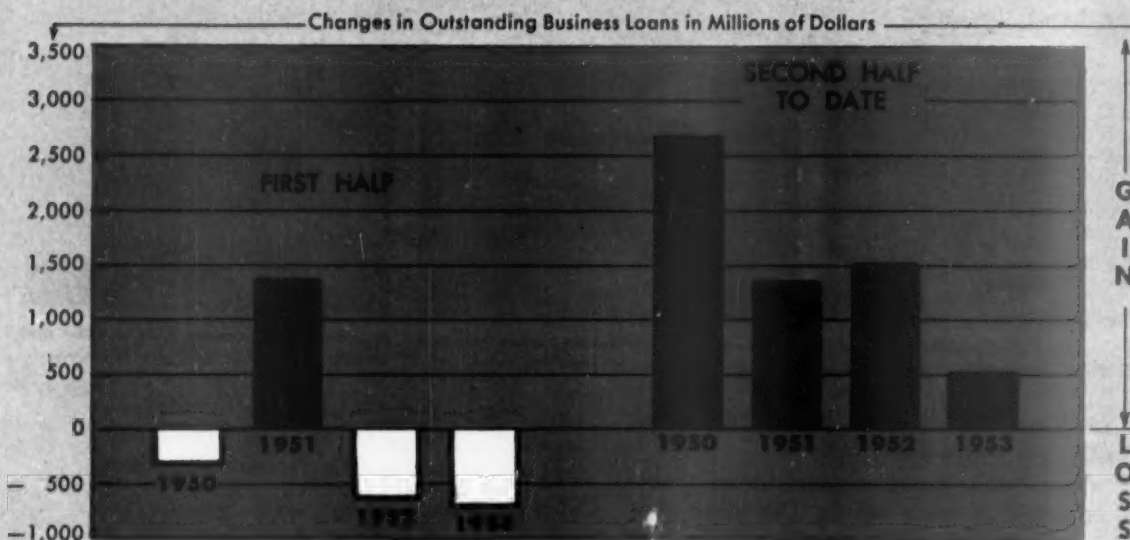


# FINANCE

## Business Is Still Heavily in Debt to the Banks ...



## ...But This Year the Demand for New Loans Has Been Dropping Sharply



Data: Federal Reserve Board.

BUSINESS WEEK

## New Seasonal Pattern for Loans?

As October ended, the business and farm loans outstanding from reporting member banks of the Federal Reserve topped \$23-billion.

It was the biggest October total on record, but an even higher mark seems to be coming. It's quite possible that

before the end of the year outstanding bank loans may beat even the \$23.5-billion all-time record set last December.

• **Below the Surface**—The showing, though, should be viewed with some skepticism. Over-all figures, like the resplendent icing on a bride's first cake,

sometimes conceal a less attractive interior. This is one of the occasions when it's necessary to cut beneath the surface.

Look at the pair of before-and-after charts above. They show that bank loans actually are behaving far less

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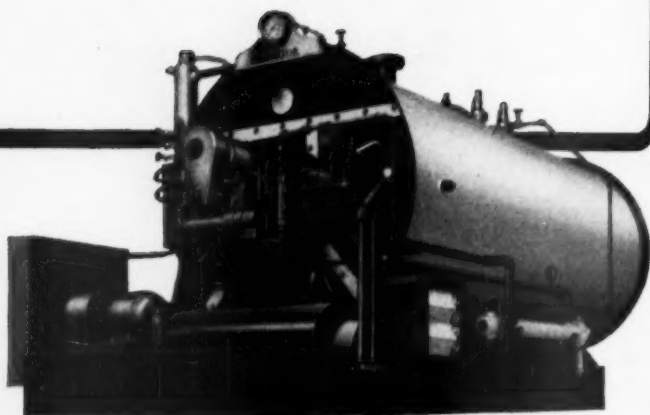
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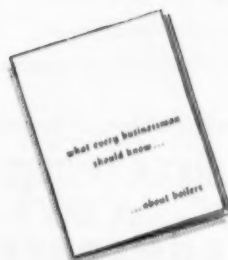
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**"... the catch is that the present period may not be normal at all ..."**

**BANK LOANS** starts on p. 68

spectacularly than they did a few months ago, for all the latest October record, and the other high mark to come.

New loan demands from both businessmen and farmers have been falling off sharply of late, and the lower chart shows just how drastic the fall has been. What it shows is this:

Since June, despite the record-smashing pace of business generally, bank loan outstandings have risen only \$504-million. That's not much of a lift compared with the \$1.5-billion rise in the same 1952 months, the nearly \$1.4-billion in 1951, or the \$2.7-billion in 1950.

It's still too early to say whether this slower gait means that:

- The postwar rush for bank credit is nearing an end.
- Bank loans outstanding in 1954 will show a sharper than normal, or even a very severe, contraction.

Few bankers are willing to guess the answers.

At first glance, this caution seems surprising. Bank borrowings are normally at their heaviest in the last half of the year. So, when the expansion rate of loans drops below normal during this period, it seems reasonable to expect an accelerated repayment rate in the first half of the year, when borrowers usually start paying off their debts.

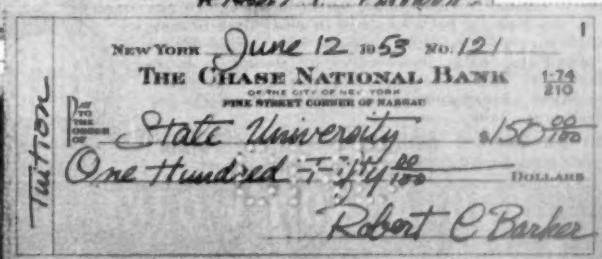
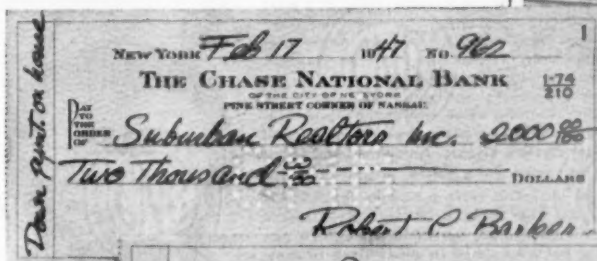
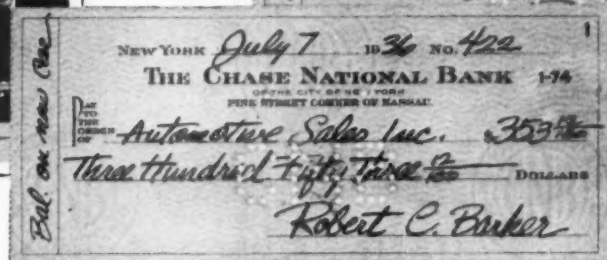
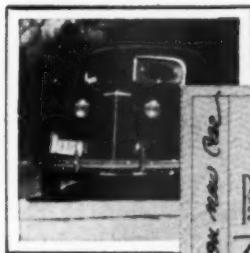
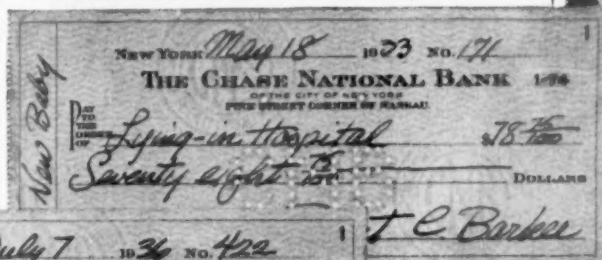
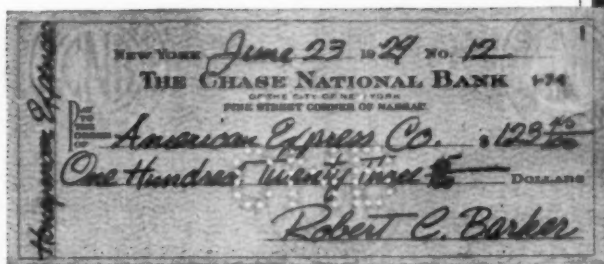
• **Changing Pattern**—The catch is that the present period may not be normal at all. Many bankers are wondering whether bank loans aren't going to depart from their long-standing seasonal pattern in the coming years. These bankers think that the change will be due to the Mills Plan, which has been progressively stepping up to the proportion of corporate taxes that must be paid in the first half of the year.

By next year, business generally will have to fork over 90% of its 1953 federal tax bill by mid-June (45% in March, 45% in June), compared with the 80% payment required this year. In 1955, corporations will have to pay the whole year's taxes in two equal installments, in March and June.

Clearly, the changing tax demands are bound to have an impact on loans. As the New York Federal Reserve Bank put it: "The Mills Plan... very probably has tended to make corporate borrowing less necessary in the last half of the year and thus has acted to smooth out the seasonal credit pattern."

• **Inventories**—A year ago this fall, business was busily expanding inventories





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All of which is high praise, indeed, for the American bank-check system.

Without it, businessmen would have to ride around in armored cars, carrying

their cash from deal to deal. Debtors would be obliged to pay up in currency, creditors would have to hire money counters, and the nation's economy would wither.

This becomes readily apparent when you realize that, based on estimates, the nationwide total of checks issued in 1952 reached the astronomical number of 7.9 billion with a value of \$1.7 trillion. Of this total, Chase alone handled 226.8 million checks in New York with a value of more than \$165 billion.

Statistically that makes quite a picture.

But more important than the figures are the people behind them. Your confidence in banks, your confidence in your

neighbors make the existence of bank checks possible. A good many banks—contrary to popular notions about "bankers' hours"—work 3 shifts, 24 hours a day to make the American checking system most efficient.

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"... as for the outlook on borrowing rates, most New York bankers expect them not to drop..."

BANK LOANS starts on p. 68

after the steel strike; this required considerable bank borrowing. But now inventories are rising much more slowly, with a correspondingly smaller need for credit.

Then there is the matter of loans to finance farm products. Year in, year out, this has been one of the most consistent causes of the seasonal pattern in bank loans. Demands for such loans are way off now; a good part of the over-all loan drop is due to the reduced borrowing by commodity dealers, as well as processors of tobacco, liquor, and food.

• **Crop Supports**—That reduced demand is probably due largely to the lowered level of commodity prices. Bankers say that this has not only pruned the credit needs of processors, but has also pushed crops into the support program of the Commodity Credit Corp.

The CCC role, though, may prove smaller than has been indicated so far in bank loan totals. The agency has announced that it intends to sell to banks "certificates of interest" in the loan paper that it already holds, or will pick up on the 1952 and 1953 crops. Indeed, the transfer of indebtedness to banks from government has already started. Last month they snapped up \$360-million of such paper.

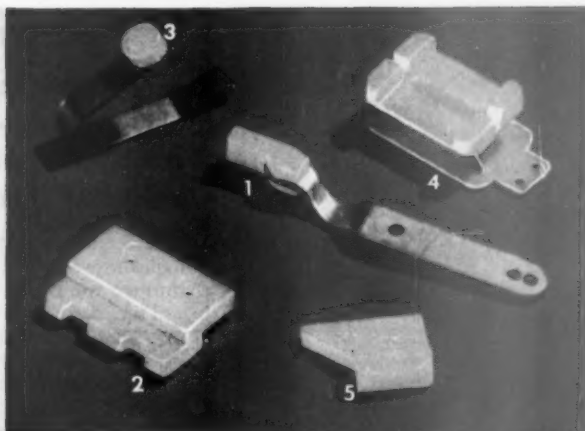
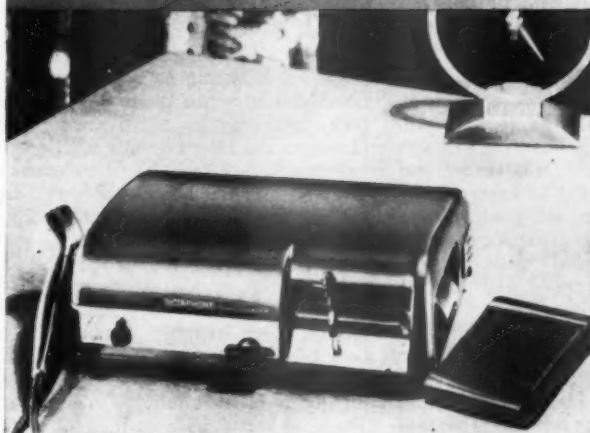
• **Rates**—As for the outlook on borrowing rates, most New York bankers expect them not to drop in the months immediately ahead. Beyond that, they are not so sure. Much depends on the rate of business activity.

Dealers in commercial paper and the major finance companies have lost no time in taking advantage of the situation. They have made several cuts in the interest rate on the paper they sell. And they claim that they could cut even deeper, if they saw fit, and still not lose any clients.

Just the same, things haven't yet changed so much that borrowers have the whip hand over lenders. Wall Street's corporate new issue market found that out last week. It tried to sell two bond issues at lower-yield prices than those prevailing, and promptly ended up with two very sour issues on its hands.

Take the Niagara Mohawk Power 3½% long-term bonds. The Street thought it could sell them at a 100½% of par level; but the bonds have since been available over the counter for only 99½% of par.

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Dictaphone's Time-Master "5" dictating machine is another example of how the unique properties of Du Pont nylon can help engineers develop a more efficient product. These properties are used to advantage in five of the machine's key parts—improving performance, simplifying assembly and lowering production costs.

Nylon's resiliency, resistance to wear and ability to operate quietly without lubrication aided development of the play-back lever (1) and microphone lock lever (2). Production of heat-resistant, durable nylon parts directly on metal components sim-

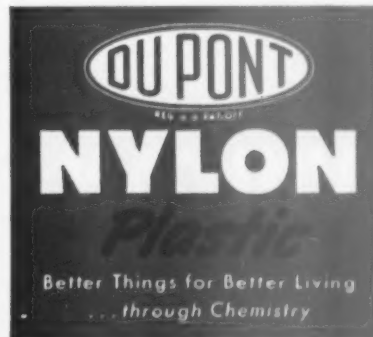
plified assembly of microphone hook lever (3).

The toughness and electric insulating properties of Du Pont nylon mean dependable, lasting performance of the recorder coil bobbin (4). These properties also cut assembly time by permitting terminal fittings to be riveted directly to the coil. And nylon's high-temperature resistance and compression strength lower production time of an improved microphone switch lever (5).

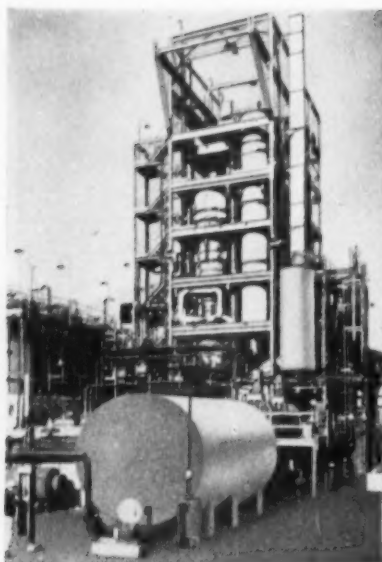
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CINCINNATI

## Strong Tide . . .

...for Treasuries launches new medium-term 2¾s at premium; allotments get credit for smooth marketing.

U. S. government securities are riding high this week. There's strength straight through the entire Treasury list.

True, there were small declines earlier in some maturities, accompanying shifts in investments by institutions to obtain funds to purchase the new Treasury medium-term 2½s. But these were canceled out late last week by advances all along the line.

The strength was sufficient, too, to absorb sales by occasional free riders who sought a fast profit.

• **Buoyant**—So this week the \$2.2-billion issue of new 2½s, maturing in seven years and 10 months, was strong and buoyant as it went out to buyers under a Nov. 9 issue date, and continued to command a premium over par. In transfers on a "when issued" basis, the 2½s racked up a bid price as high as \$1,010.94 per \$1,000 bond.

Reception of the 2½s was highly pleasing to the Treasury. Prospective buyers sent in subscriptions for \$12.5-million of the new bonds—more than 5½ times the amount offered. This was considered a hefty subscription in view of the Treasury's special efforts to prevent free riding.

• **Allotments**—Subscribers for amounts up to \$10,000 received allotments in full. Such subscriptions aggregated \$22.5-million.

Bonds sold to all other subscribers were distributed on an allocation basis, which worked out like this:

• **Mutual savings banks, insurance companies, pension and retirement funds, state and local governments** subscribed for \$1.8-billion of the 2½s; they were allotted 24% of that, or \$433-million.

• **Commercial banks** sought \$8½-billion; they got \$1.3-billion, or 16%.

• **Corporations, brokers, individuals, and all other subscribers** together applied for \$2.4-billion of the bonds. They also received an allocation of 16% of their subscriptions.

• **Praise**—The allocation percentages were praised in some financial quarters as a factor in smooth and orderly marketing of the issue. The reasoning is that allocation of 24% of what they asked to mutual savings banks, insurance companies, and others holding the public's savings, and only 16% to commercial banks, corporations, and individuals tended to keep down the number of free riders who only wanted a quick profit.

There were some, in fact, who claimed that a similar allocation of the Treasury 30-year 3½s last spring might have given stability to the market in governments during and immediately following that offering, and might have helped cushion a weakness that developed in federal issues at that time.

## Voters O.K. \$800-million In New Bond Issues

Over \$800-million worth of new state and municipal securities may be on their way to market in the not too distant future. Issues totaling that amount were approved by voters on election day last week.

Altogether, around \$925-million of proposed financing came up for voter consideration across the nation, and the bulk of the issues got a green light. However, the total was only a little over half the \$1.5-billion O.K.'d by voters a year ago, and was the second-lowest figure for any November election since World War II.

In Ohio alone, around \$625-million of bonds were up for consideration. The financing approved included a \$500-million state highway general obligation issue.

In Philadelphia, the electorate gave the nod to bonds totaling \$76.4-million. These included \$35.7-million of water and sewer and other revenue bonds, \$19-million of parks improvement issues, and nearly \$21.7-million that had been previously approved by the city council. Because of this last, the council can now issue an equivalent amount—nearly \$21.7-million—again without referring to the voters.

In Chicago, citizens approved issues totaling \$36-million.

In Louisville, voters approved a \$6-million revenue bond issue to finance the building of a new sewage disposal plant.

Among the rejected issues was \$100-million of Virginia road improvement bonds that might have been offered if Republican candidate Theodore R. Dalton had been elected governor. But the Democratic candidate won.

In San Francisco, too, where only 56.8% of the registered voters showed up to cast their ballots, the mood was against spending money. They turned down all six proposals put forward for bond issues aggregating close to \$16.7-million. These included a pair calling for issuance of \$6.6-million in bonds to rehabilitate and further improve the municipal railway, \$3.2-million of bonds for an exhibit hall, \$4.4-million for recreation facilities, \$1.8-million for library needs—and \$495,000 to provide a warehouse for storage of voting machines.



**DICTAPHONE CORPORATION, Dept. BU 113**  
**420 Lexington Ave., N. Y. 17, N. Y.**

I would like:

- ☐ My free copy of descriptive folder, "Success."  
☐ A TIME-MASTER demonstration with no obligation.



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## A coupon for executives who still want to grow

**Whether you are i.g.** or top brass, this tiny piece of paper may change an important part of your business life.

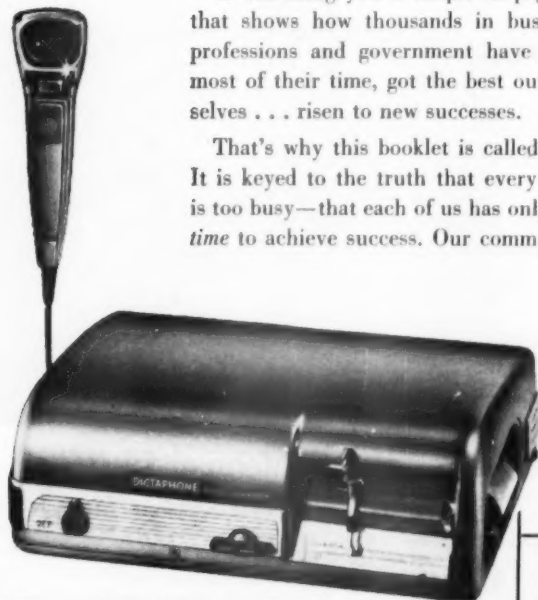
It will bring you a simple 12-page booklet that shows how thousands in business, the professions and government have made the most of their time, got the best out of themselves . . . risen to new successes.

That's why this booklet is called **SUCCESS**. It is keyed to the truth that every executive is too busy—that each of us has only so much *time* to achieve success. Our communications

suffer—yet the thinking business world agrees that effective *personal* communication is what pushes men ahead.

This booklet tells you how hundreds of men faced with this problem have found the time to grow—to project themselves, their personalities and their ideas.

It takes only 30 seconds to fill in the coupon—and only 9 minutes to read the **SUCCESS** booklet. So—please get it on the way to you via your personal coupon. **NOW!** Naturally, it puts you under no obligation.



**The new Dictaphone TIME-MASTER "5"** . . . latest, lightest, finest model of the world's most popular dictating instrument.

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makers of the **TIME-MASTER**  
 America's #1 dictating machine



**IT'S SAID—**

**AND DONE!**





## You dream it we'll make it come true

... Within limits, of course. We're not wizards, but whizzes at turning new product ideas into workable, salable products. Our record speaks for itself.

Taft-Peirce engineers helped perfect such wonderful mechanisms as a silent typewriter, an adding machine, an automatic lens grinder, a hat making machine, a rifle, a typesetting machine, and hundreds more.

As one of the oldest and largest contract manufacturers, Taft-Peirce is completely equipped to handle every phase of developing *your* product. We can design it, tool it, make it, test it, ship it. Leave you free to concentrate on sales.

As a starter, send for our 92-page illustrated booklet, "Take It To Taft-Peirce."



For Engineering, Tooling, Contract Manufacturing  
**TAKE IT TO TAFT-PEIRCE**

The Taft-Peirce Manufacturing Company, Woonsocket, R. I.

TELEPHONE: WOONSOCKET 1.

## Hughes Sells Control Of RKO Theatres Corp.

Late last week Howard Hughes sold his 929,020 shares in RKO Theatres Corp. to a group headed by David J. Greene, New York investment counselor.

The block of shares, believed to constitute effective control of the company, brought a price of \$4.75 per share to the well-known flier, manufacturer, and movie producer. On Friday, the day of the sale, the stock closed at \$3.87½ on the New York Stock Exchange. The sale was approved by the Securities & Exchange Commission and the Big Board.

Hughes had entered the company's picture in 1948, when he bought 929,020 shares of Radio-Keith-Orpheum Corp. common from the Atlas Corp. The price was reported to be around \$9-million. The block constituted 24% of outstanding shares.

At that time, RKO was both a film producer and a theater owner. But in 1950, under federal court pressure, it agreed to split into two companies—RKO Pictures Corp., and RKO Theatres Corp.

The agreement required Hughes to place in trusteeship his shares in one or the other company. He elected to remain active in producing, and placed his RKO Theatres Corp. stock in trusteeship.



## Centennial Circuit

Mrs. Paul V. Collins, of Washington, D. C., is 100 years old. She is the oldest and only 100-year-old policyholder of the 100-year-old Aetna Life Insurance Co. Morgan B. Brainard, Aetna president, traveled to Washington to present Mrs. Collins with a \$100 check as part of the Aetna centennial.



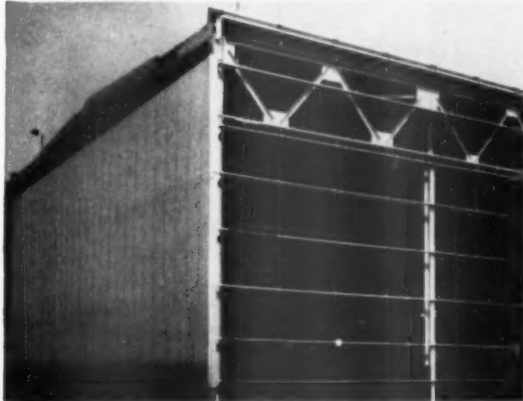
**SHEETS OF STAINLESS STEEL** enclose the 34 to 36 foot walls of the new plant of United States Steel Homes, Inc. near Harrisburg, Pa. Stainless sheets were fabricated and erected by American Bridge Division of United States Steel Corporation, and the general contractor was Ritter Brothers, Harrisburg.



## Walls of Stainless Steel will keep maintenance costs low in this new plant of United States Steel Homes, Inc.



**HERE WORKMEN** are bolting the 30" corrugated Stainless Steel sheets to the structural steel frame. Erection is fast and simple; it requires a minimum crew and can be carried out in any type of weather.



**THIS VIEW** shows Stainless Steel sheets attached to the structural steel framework of the plant. All flashing and trim is Stainless Steel, too.

**H**ERE is one of the largest industrial structures to emerge from the growing trend toward use of Stainless Steel for exterior walls. It's the new plant of United States Steel Homes, Inc.—formerly Gunnison Homes, Inc.—located near Harrisburg, Pa.

The plant is an "L"-shaped structure with approximately 310,000 square feet of floor space. The entire exterior is covered with sheets of 26-gage corrugated Stainless Steel, used in 30" widths. Approximately 55 tons of Stainless Steel were used.

Reduction of maintenance costs was the primary reason for selection of Stainless Steel sheets. The walls will not require painting and a long, trouble-free life is anticipated. And, in addition, Stainless Steel gives the plant an attractive over-all appearance.

Stainless Steel sheets and panels offer so many advantages, both in construction and through the life of the building, that their cost-per-year is lower than almost any other material. They are considered outstanding developments in the field of industrial construction today.

Panels are available uninsulated or with filler-type insulation between the exterior Stainless sheet and the interior sheet of carbon steel. This makes them suitable for the widest range of building types—plants, warehouses, power plants, office buildings and many others.

If you would like more information on Stainless Steel sheet and panel construction, mail the coupon below.

United States Steel Corporation  
525 William Penn Place, Room 2819-I  
Pittsburgh 30, Pa.

- ☐ Please send me your new booklet on USS 17 Stainless Steel for industrial buildings.
- ☐ Please arrange to have fabricators of Stainless Steel wall panels send me literature on their particular type of construction.

Name ..... Title .....

Address .....

City ..... State .....

United States Steel produces only the Stainless Steel sheet and strip from which panels of this type are made; the panels themselves are fabricated by a number of our customers.

UNITED STATES STEEL CORPORATION, PITTSBURGH • AMERICAN STEEL & WIRE DIVISION, CLEVELAND • COLUMBIA-GENEVA STEEL DIVISION, SAN FRANCISCO  
NATIONAL TUBE DIVISION, PITTSBURGH • TENNESSEE COAL & IRON DIVISION, FAIRFIELD, ALA. • UNITED STATES STEEL SUPPLY DIVISION, WAREHOUSE DISTRIBUTORS  
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# U·S·S STAINLESS STEEL

SHEETS • STRIP • PLATES • BARS • BILLETS • PIPE • TUBES • WIRE • SPECIAL SECTIONS



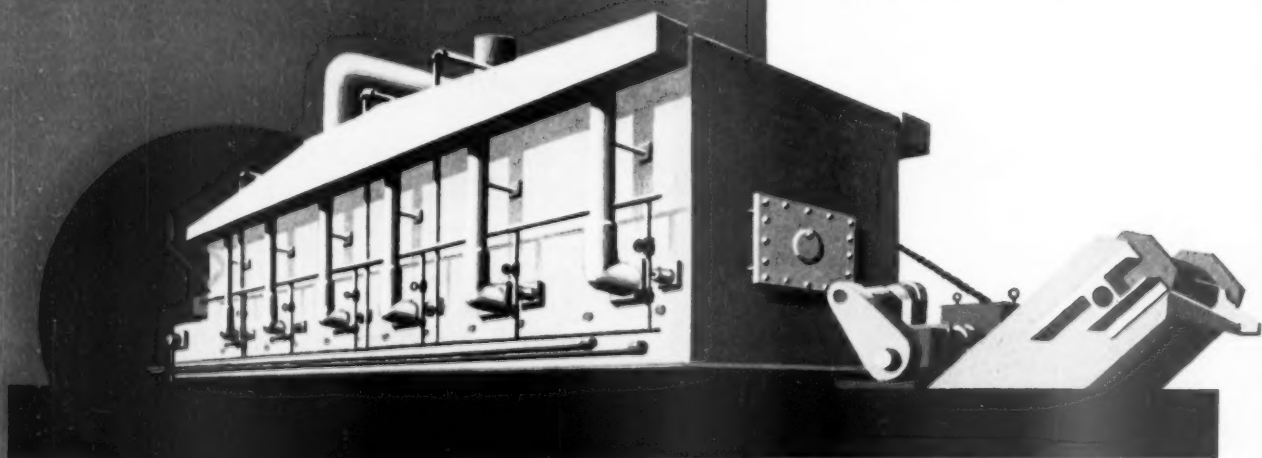
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UNITED STATES STEEL

Salem-Brosius has a

# bad habit

that means profit to you!



● Salem-Brosius has the unfortunate habit of going to the extra trouble of engineering more quality into its furnaces than the application might indicate. Unfortunate for Salem-Brosius, but fortunate for you. Prices being equal, you, as a customer, can hardly lose from an extra measure of good design and sturdy construction that assures you greater production, longer life, and easier operation.

Take the case of the controlled-atmosphere small-parts hardening furnace shown here, for which Salem-Brosius is justifiably well-known. Users find that fast precise heating, complete atmosphere control, and rapid and high capacity materials handling mean better production. Why not take advantage of our bad habit of extra quality. Send us an inquiry for this or any other type of heat-treating furnace now.

*Controlled-atmosphere small-parts hardening furnace segment of a Salem-Brosius harden, quench and draw line.*

## *SALEM-BROSIUS, Inc.*

Sales and Executive Offices: 248 Fourth Avenue, Pittsburgh 22, Pa.

## FINANCE BRIEFS

State and local tax collections zoomed to new all-time highs in fiscal 1953. According to estimates of The Tax Foundation, Inc., the harvest was: more than \$10.5-billion by states, \$10.2-billion by local governments. The combined per capita state-local tax burden jumped from \$125.77 in 1952 to \$133.16 this year.

Wall Street's long-held belief that "the Big Board makes the stock market" got support last week. Chicago's Midwest Stock Exchange was one of the few major stock exchanges that remained open for business on Election Day. Trading during that session accounted for only about 22,000 shares, half the volume of the day before and only one-third the volume of the following day.

Class I rail earnings dropped 18% under 1952 levels in September, reports the Assn. of American Railroads. Net income after all charges, it figures, added up to only \$81-million, compared with \$99-million net in September, 1952. January-September earnings of the group, however, totaled \$651-million, which was \$119-million more than last year.

Wisconsin legislators were told by E. C. Giessel, state director of budget and accounts, to expect a 15% drop in local corporate profits and a 5% decline in their state's income tax payments in 1954. Since 1933, Giessel reports, Wisconsin's income tax revenues have dropped only twice: 8.1% in 1938 and 3% in 1948.

Trans World Airlines, Inc., announced last week it had retired 50% of the \$40-million the line borrowed from Equitable Life Assurance Society back in 1945. All sinking fund and interest requirements of the loan due prior to May, 1954, it added, have also been satisfied.

Lehman Brothers, New York investment banking house, has been appointed financial consultant for Connecticut's proposed \$200-million, 125-mi. toll expressway. Present plans are said to call for the sale soon of \$50-million to \$60-million of new bonds to pay for early construction costs.

Baltimore & Ohio RR has now completely dieselized its eastern segment—the 370-mi. from Jersey City to Cumberland, Md. The system figures 77% of all its freight business and 70% of all its passenger-train miles are now handled by diesels.

## Still stumping the experts

"Impossible," they said. "Without prints to go by, you can't tool, produce and assemble those complex carburetors within six months."

**But we delivered 100 within 90 days**

"Too tough," they said. "No matter how important that instrument is, you can't hold a train of 12 gears within 1/3 mil of backlash."

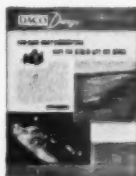
**But we did—and in production quantities**

"It can't be done," they said. "You can't perform 57 precise machining operations on a part no bigger than a half dollar and keep the tooling to a minimum."

**But we did—only 14 fixtures were needed**

You might keep these examples in mind if you're looking for a competent source to take your instrument problems from blueprint stage right on through to final assembly. In other words, if you call it difficult—call Daco.

**DACO MACHINE & TOOL CO.**  
202 Tillary St., Brooklyn 1, New York



*For interesting solutions to instrumentation problems write for DACO DOINGS.*

**From prototype to finished product  
in precision instrumentation...**

**DACO**



# HABITS

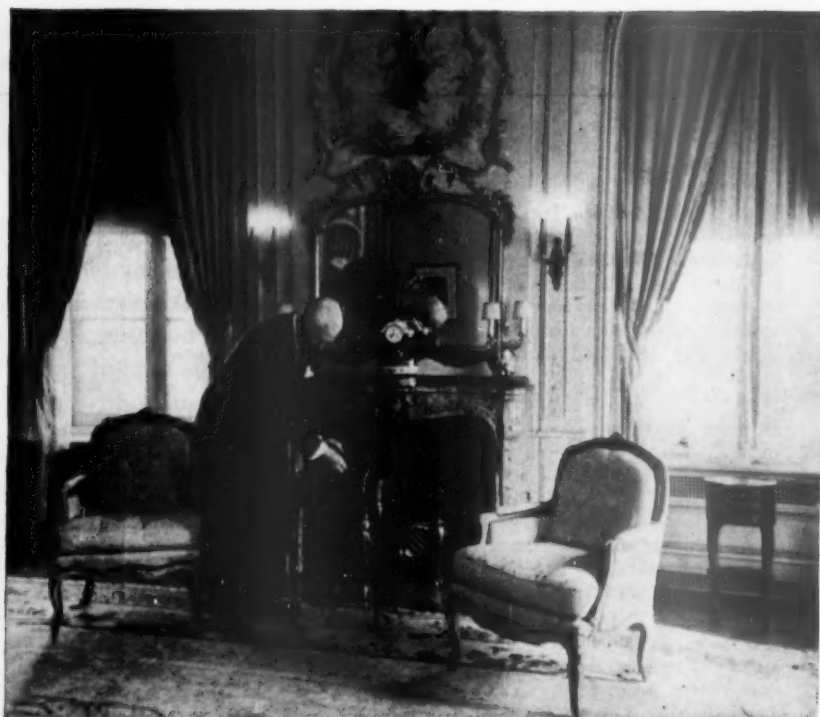


**FOR SALE:** Frederick T. Bonham, owner, looks over sea wall of his 49-acre Connecticut estate, which he has put on the market.

## Can an Estate Be Practical



**ITALIAN RENAISSANCE** is the design for the 26-room mansion.



**ELABORATE MOTIF** is carried out in the interior. House is solidly built of steel, concrete, Indiana limestone, on highest part of land.



The question is . . .

# in 1953?

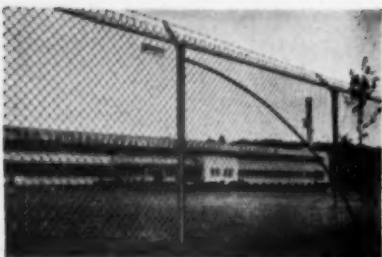
(Story continues on p. 82)



**ANTIQUES**, gathered over 40 years, will sell separately for \$100,000.



**ENTRANCE HALL** has 30-ft.-high dome that conceals pipes of an organ. Bonham has organ serviced regularly so it's always in operating order.



**The line between Production  
and Destruction**

**often CARRIES THIS**

**FAMOUS SIGN**

**ANCHOR FENCE**

Anchor Fence provides a sure way to guard your production—your plant, equipment, vehicles and employees—against destruction by thieves, vandals and agitators.

But be sure to look for the orange-and-black plate that identifies all genuine Anchor Fence. It's your assurance of the finest in industrial fencing.

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*An "OFFICE WIFE"  
ready for work  
24 hours a day*



**Steno**  
by  
Crescent

Here is electronic dictation equipment so new and different it completely revolutionizes every present concept of office teamwork. You will like STENO—by Crescent because of its amazing low cost and convenience... your secretary will like it because it eliminates errors and increases her work output.

**GET THE FACTS**—Send for new 12-page 4-color brochure explaining exclusive STENO features.

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Please send me STENO brochure No. R-115.

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LATE WIFE'S FANS are among valuable small objects included in furnishings.



GOLD FIXTURES and Wedgewood inlays help decorate master bathroom.



ART OBJECTS, paintings, and tapestries adorn other rooms throughout the house.

**Beaches, Ballrooms—**



WINE CELLAR is partly stocked still, will be included in sale. It provides plenty of room for storage for the biggest parties.





**FOUR GARDENS**, carefully kept and each different, lend a formal atmosphere. One luxury is an outdoor theater, capable of seating 1,500.

## and a Saving, Too?

(Story starts on p. 80)

To the average person, it's easy to figure out why a 49-acre Connecticut estate (pictures, above) should be on the market this week. No private owner in his right mind, the reasoning goes, would care to be burdened any longer with a white elephant.

A lot of successful executives could hope to own estates like this in the golden age of F. Scott Fitzgerald. In the '20s a dollar was worth a dollar, taxes were next to nothing, and easy money seemed destined to roll in forever. A 26-room house was a logical symbol of a man's worldly success.

• **Rich-man's Burden**—But in 1953, the burden looks excruciating to most people. Heavy taxes and high prices, they reason, would make it impossible to maintain such a place properly without coming close to bankruptcy.

So the common assumption is that

this estate—Walhall—will go the way of most others: It must be sold to some charitable institution as a home of some kind. Or, as a last resort, it may disappear altogether, its lands used to make room for a new real-estate development.

• **Look Closer**—It may turn out that way. But examine that assumption more closely. You may find it to be not entirely correct.

In the first place, look at the reason for the sale. Frederick T. Bonham, present owner, doesn't think of the place at all as a white elephant. On the contrary, he would still be living there and calling it home except for one thing—the death of his wife last year. That has made Walhall too big and too lonely.

Bonham insists that a private owner with enough money can enjoy Walhall

## KOHLER ELECTRIC PLANTS

Independent Source of Electricity



### STAND-BY PROTECTION when central station electricity is cut off

Days and nights of no electricity may follow power failure caused by storm or accident. Install a Kohler automatic plant *before* the emergency and insure uninterrupted light and power. Models for homes, farms, hospitals, greenhouses, hatcheries, theatres, stores, communication systems, fire alarms, airports. Cost is often offset by losses avoided during a single power failure.

#### Sole Supply

For ranches, motor courts, oil drilling rigs, pipe lines, lumber camps, tunnels, mines, work boats.

#### Portable and Mobile

For power saws, planers, drills, sanders, pipe cutters and threaders, hedge and tree trimmers, public address systems, excavators, draglines, electro magnets, trailers, concession trucks, fire and repair truck equipment.



**MODEL 5661, 5KW, 115/230 volt AC, Automatic.**  
Sizes from 500 watts to 30 KW.

Kohler Co., Kohler, Wisconsin. Established 1873

## KOHLER OF KOHLER

PLUMBING FIXTURES • HEATING EQUIPMENT  
ELECTRIC PLANTS • AIR-COOLED ENGINES  
PRECISION CONTROLS



**1** Mr. Carr, president of Dearborn Chemical Co., and H. A. Kreith, purchasing agent, have high praise for the purity and whiteness of WYANDOTTE's crystal caustic, which they use in their odorless home

drain cleaner, PLUMITE. Wyandotte products go into the making or treating of nearly everything that goes into the home . . . wood, metal, cement . . . food, drugs, cleaners . . . paper, paint, glass!



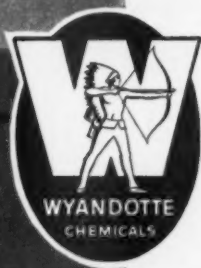
**2** Mr. Carr and L. R. Sagar, production manager, check the packaging of a water-softening compound containing WYANDOTTE soda ash. Dearborn water-treating compounds are used by wool, cotton and paper mills, bottlers, dyers and makers of sugar and rayon—all users of WYANDOTTE raw-material chemicals.



**3** Dearborn's NO-OX-ID rust preventive has had wide acceptance among metal fabricators for protecting parts. Two of many WYANDOTTE products used in metallurgy are—soda ash, for extracting vanadium and aluminum; caustic, in platinum metallurgy, and for extracting mercury, copper and zinc from their ores.



**4** Dearborn engineers make complete plant surveys and frequent calls to check on chemical balances. WYANDOTTE customers enjoy similar help in their plants from our technical service people. These experts will help you to design handling and processing systems, and recommend the right products for your use.



# "Wyandotte research and facilities supplement our own 66-year-old research department."

—R. A. CARR, *president, Dearborn Chemical Co.*

**Chicago water-treating specialists call Wyandotte a reliable supplier of chemical raw materials.**

"We have long been a user of Wyandotte caustic soda, bicarb, soda ash and other chemicals that go into our quality line of products to combat water problems," states R. A. Carr, president of Dearborn Chemical Co., Chicago, Ill. "We find Wyandotte's uniformity and quality in keeping with our high standards.

"Wyandotte crystal caustic, for example, is so free from dust, and has such good flowing characteristics that we can use it in our popular drain cleaner, Plumite, without further processing. Also, due to the high degree of purity, it is always of good color . . . many other caustics, we have found, are off-white.

"In our water-treating systems for industry, a great deal of research and engineering is necessary," says Mr. Carr. "In this connection, Wyandotte's facilities and equipment for research have always been available to supplement and extend our efforts. Wyandotte has been most helpful to us."

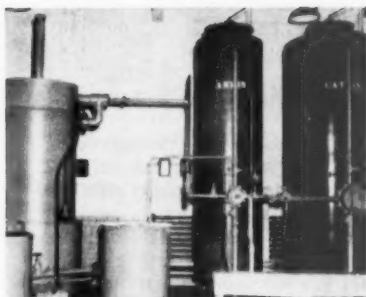
How about your business? If you use basic chemicals—caustic soda, soda ash, bicarbonate of soda, chlorine, calcium chloride—you'll find Wyandotte a reliable source of supply. You'll also find Wyandotte most cooperative in technical help, and alert to new developments. Call on us . . . there's no obligation at any time. *Wyandotte Chemicals Corporation, Wyandotte, Michigan. Offices in principal cities.*

Reg. U.S. Pat. Off.

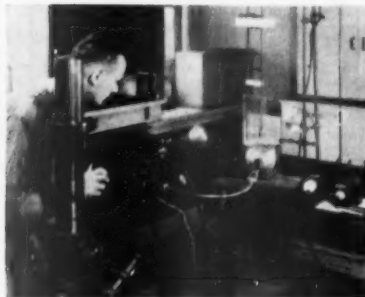


## Wyandotte CHEMICALS

*Organics, Inorganics—World's largest manufacturer of specialized cleaning products for business and industry*



**5 Dearborn De-Ionizers** supply high-purity water for chemical processors, food, beverage and drug manufacturers, electroplaters and diesel engine users. WYANDOTTE is an important supplier of the basic chemicals—soda ash, caustic soda and bicarbonate of soda—used in the regeneration of anion exchanger-absorbers.



**6 A research chemist** in one of the Dearborn laboratories takes pictures of foaming water during tests on polyamide foam inhibitors . . . WYANDOTTE PLURONICS\*, due to their low-foaming characteristic, and ability to reduce boiler scale by their efficient dispersing action, show great promise in water-treating compounds.



**7 Wyandotte's new Research Center** makes available greatly expanded facilities for customer and government contract research and new product development. Latest equipment and trained personnel are able to duplicate conditions or problems customers face in their plants. What can we do for you?





## Step up your business efficiency with the new, improved Teletalk!

One sure way to reduce overhead in your business is to stop needless running around between offices and departments—the costly waste of time and human energy—with better-than-ever Teletalk intercommunication.

Simply flip a key and make *instant*, two-way, voice-to-voice contact with any key individual. Teletalk is always ready—always dependable. It offers exceptional fidelity and clarity of voice transmission...trouble-free operation for years to come!

New construction features and a hand-somely restyled cabinet that harmonizes with any office furnishings have widened Teletalk's leadership. It is

easily installed; maintenance is negligible; its savings in time, steps and energy are substantial.

The question which you, as a progressive businessman, should ask yourself is *not* "Can we afford Teletalk?"—but "Can we afford to go on wasting precious time and energy which can be saved by installing Teletalk?" When you consider that you can have all of Teletalk's benefits at a cost as low as six cents per day per unit, your answer is obvious.

Ask your dealer about the new Teletalk and the part it can play in your business. Mail the coupon today for new illustrated booklet, "Costs Drop."



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Please send me, without obligation, your new illustrated Teletalk booklet, "Costs Drop."

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**"... a ballroom with a maple floor on springs, where 300 can dance ..."**

ESTATE starts on p. 80

as a home and even do it without undue strain. He did it himself for about a quarter of a century, and he feels that prices and taxes have not changed the picture enough to write off the estate, which is near Greenwich, Conn., as a private residence.

• **Good Buy?**—Thus an executive, say, might actually find Walhall a sound buy if he wants "a home for gracious living," as Bonham calls it.

True, the price—unfurnished—is \$500,000. But in some respects, that's a bargain. It's a fraction of what duplicating the estate would cost today. And it is also half of what Bonham originally asked. (That price was \$1.1-million, furnished. Bonham is now willing to sell the furnishings separately, for \$100,000.)

• **The Outbuildings**—Take a look around to see what you would get for the \$500,000:

The half-dozen buildings, all in perfect repair, include a four-story stone garage, with room for 12 cars on the ground floor. Above it is a ballroom with a maple floor built on springs, where 300 people can dance.

There are also two cottages, a gatehouse, root cellar, machine shops, a chicken house, and a large greenhouse. (In the latter Bonham raised orchids—one of the finest collections in the world. They have been sold.)

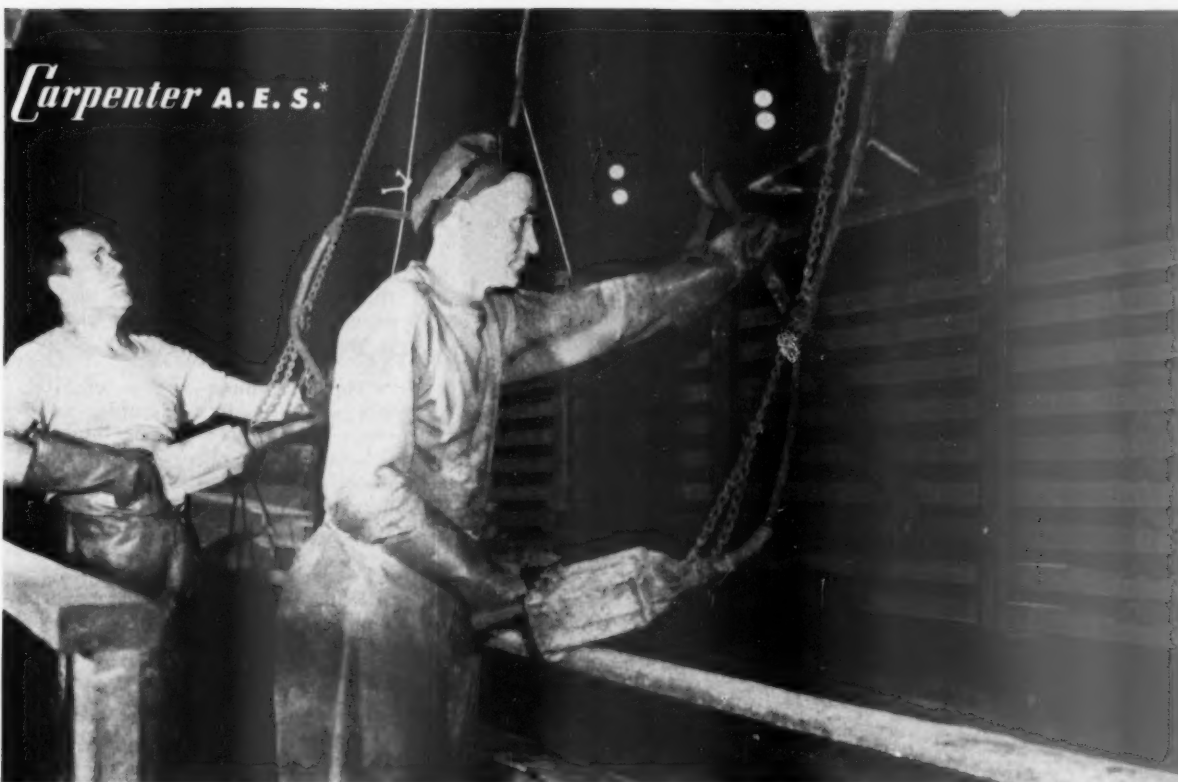
• **The Land**—The property has a waterfront of two miles on Long Island Sound, with three separate bathing beaches. There is a stone and concrete pier capable of accommodating large yachts.

Most of the 49 acres of land is smooth lawns, carefully kept wooded areas, and landscaped gardens. One garden is a replica of that at Versailles, with playing fountains; another is a sunken green enclosing an outdoor theater. This theater seats 1,500, has a raised stage, and is floodlighted. There's an orchard, and a vegetable garden.

Asphalt roadways run through the entire estate; all of them are in top shape and well-drained. Public utilities service the property through underground conduits. Only 35 miles from New York City, the estate is five minutes from the railroad station.

• **The House**—The main house is built of Indiana limestone, concrete, and steel. "It should last 1,000 years," says Bonham. The fact that it is so strongly built means few major repair bills.

Of Italian Renaissance design, the



*Carpenter A. E. S.\**

## Industry Solves a Hot Problem



*Another example of how Carpenter  
\*Application Engineering Service  
is helping industry cut costs.*

Handling hot acids can be a dangerous and costly proposition for both men and equipment. A sudden splash or a spray of searing liquid... and workers are on the receiving end of serious burns. What's more, caustic acids, biting into equipment and process lines, cost even more in shut-downs and loss of production.

To help overcome problems like this, Carpenter metallurgists developed a new stainless designed specifically to resist the corrosive action of hot sulphuric acid. The photo above shows just one application for this super Stainless, Carpenter No. 20. It shows hangers supporting heavy loads of pole line hardware during pickling in 15%  $H_2SO_4$  at temperatures up to 200°F. Obviously, this equipment *must* be dependable in

resisting corrosion. And that was the problem. At one time these racks were made from ordinary steel and lasted only a short time before failing.

Then the company called on Carpenter, and Application Engineering Service went to work. Results: the new No. 20 racks adequately protected workers... gave dependable performance for many years!

Here's one more example of how Carpenter Application Engineering Service works alongside industry to improve products, reduce operating costs. It's a service backed by almost 70 years of leadership in specialty steel development. It has enabled Carpenter customers to be *first* to profit from a pioneering program involving new and better steels that make possible the "impossible". If *your* shopmen aren't familiar with A. E. S., perhaps you are the one to introduce them to it. A. E. S. goes to work in your shop as soon as you contact your Carpenter Mill-Branch Warehouse or Distributor. THE CARPENTER STEEL COMPANY, 140 W. Bern St., Reading, Pa.



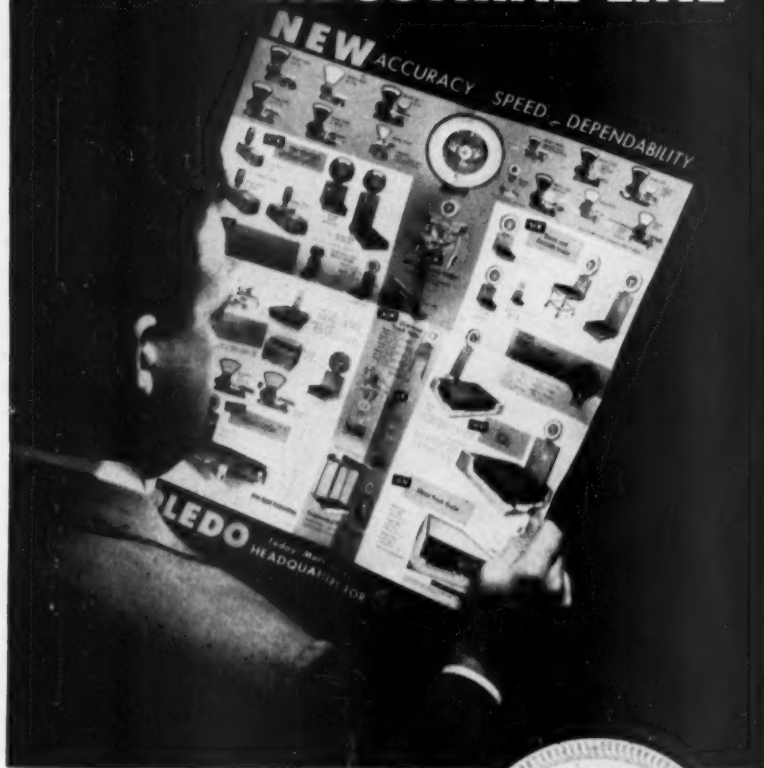
# *Carpenter*

# STEEL

Tool, Alloy and Stainless Steels

*Pioneering in Improved Tool, Alloy and Stainless Steels Through Continuing Research*

# New TOLEDO INDUSTRIAL LINE



These great new Toledos set new standards of fine performance with new clean-line design in handsome gray finish... double-pendulum mechanism in one-piece sector design... dial can be installed to face any of eight directions; also with full 360° swivel dial.



## 44 WAYS BETTER

New features in every model to serve you better—now added to world-famous accuracy and dependability of Toledo Scales! See them now—complete range of types and capacities to help you control costs! Whether it's weighing, checking, testing, counting, batching, force-measuring and other operations... there's a new Toledo to do the job with high accuracy, speed and dependability. Write for up-to-date scale information in new condensed catalog No. 2001, Toledo Scale Co., Toledo 1, Ohio.

*Today more than ever*  
**TOLEDO®**

**HEADQUARTERS FOR SCALES**

SALES AND SERVICE OFFICES IN 200 CITIES

house took three years to build, was finished in 1914. Its entrance hall has a 30-ft. domed ceiling—which conceals the pipes of an Aeolian organ. The bath in the master suite has gold fixtures and Wedgwood inlays in the tiled walls.

There are eight baths—two for servants. All are modernized and tiled. Floors throughout the house are teakwood, hardwood, or marble. From the house—situated on the highest part of the land—you can get a view of Long Island Sound on two sides, a lake that is partly on the property on another side.

• **The Furnishings**—A price of \$100,000 seems like a lot for furnishings. But when you take a look, you think this is a bargain, too. They are the product of some 40 years of careful selection—antiques, expensive tapestries, rugs. (One rug, for example, is worth \$16,000.) Also included are paintings and art objects.

• **What Financing?**—Now if you're getting interested but don't have \$500,000 on you and are thinking about financing, back up a minute.

The chances of your getting a mortgage to buy Walhall are practically nonexistent. That's the word from Edward J. Crawford, Jr., the agent who is handling the sale for New York's Chas. F. Noyes Co., Inc., the exclusive brokers. According to him, \$35,000 is tops in that area for mortgages.

But say you do have the cash. Once you buy the place, wouldn't maintenance be so high that you couldn't afford it?

• **Yearly Cost: \$40,000**—According to Bonham, you could operate Walhall on a minimum basis for around \$40,000 a year. Biggest single item in this would be taxes, which run at about \$14,000. Insurance and all other operating expenses are included in the \$40,000 figure.

But note that this is a minimum basis. It means you could have two full-time servants and a cleaning woman to come in twice a week. You would have to cut the landscaping down to about 10 acres to cut costs. Yet you would have enough left over to entertain pretty well at small parties, concerts, and the like.

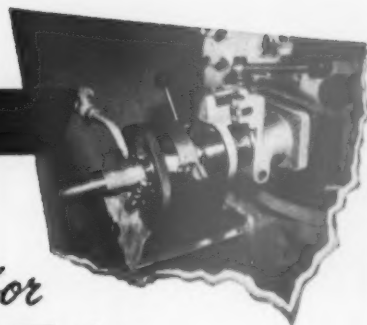
• **Full-scale**—It would take \$75,000 to \$100,000 a year to operate the place on a full and lavish scale. You would need 12 full-time servants to keep the whole property landscaped, give as many big parties as you wanted to. You would be spending several thousand dollars a year for new bulbs, flowers, and other elaborate landscaping projects to meet your fancy.

• **Flexibility**—All this gives a picture of the flexibility possible to an owner of such an estate. Bonham's main point is that you don't have to spend any



This advertisement has stirred tremendous interest since it first appeared a few months ago, and was discussed at length in a recent issue of "J. K. Lasser Reports on Taxes". Because of the subject's importance, we publish this advertisement again for the benefit of those who have missed it.

Are your machine tools cutting costs... or profits?



A BILLION A YEAR IS BEING WASTED:

## How to Estimate Your Direct Labor Losses from Outmoded Machine Tools

**THE PROBLEM:** To evaluate the machine tools in your plant in terms of direct labor costs, as a factor in determining the profitability of replacing over-age equipment.

**THE FACTORS:** According to an inventory of metalworking machine tools, U. S. industry in 1950 was operating 1,762,000 units, of which 95% (1,673,900) were more than 10 years old, or of designs that old. (Actually, 21% of the units were more than 20 years old.)

On the basis of conservative averages

for direct labor costs alone — disregarding all other factors — the retention of outmoded machine tools is costing American metalworkers a cool billion dollars a year.

**THE SOLUTION:** Obviously, an exact formula for profitable replacement must reckon with a number of factors, many of them relating to specific individual operations. Here, however, is a quick way of computing approximate losses in direct labor costs from the use of obsolete machines.

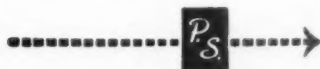
Machine	Assumed Operating Hrs. Per Year	Assumed Labor Cost Per Hour	Direct Labor Cost Per Year, Over-Age Machine	% Increased Machine Productivity Today's Models	Labor Cost Per Year New Machines *	Annual Loss
Saddle Type Bar Feed Turret Lathe	2,000	\$2.00	\$4,000	100	\$2,000	\$2,000

\*Column 3, divided by column 4 plus 1.00, i.e. 4,000 divided by 2.00.

These figures deal with *direct labor operating costs only*. When you add the savings possible in the many other cost factors, the initial price of the new machine can be saved in a comparatively short time.

Improvements in machine tool design — largely since World War II — have made possible an average of 40% more productivity, with individual gains ranging from 5% to 500%. \*\*

How much of the wasted billion is yours?



Jones & Lamson is regularly working with large and small manufacturers in every branch of the metalworking industries on the problems of increasing productivity and profits through the use of today's high-efficiency machine tools. Frequently, the initial investment in machine tools is recovered in a year or less.

\*\*SOURCE: American Machinist, August 7, 1950, Special Report "Stop that Waste" (includes table of percentages for most machine types)

**JONES & LAMSON MACHINE COMPANY**

Dept. 710, 503 Clinton Street Springfield, Vermont, U. S. A.

Turret Lathes — Fay Automatic Lathes — Thread Grinders — Optical Comparators — Threading Dies & Chasers



Distinctive as your fingerprint...  
Rust-Oleum Is An Exclusive Formula Proved  
Throughout Industry For Over 25 Years

# RUST-OLEUM®

## STOPS RUST!

Resists Rain, Snow,  
Heat, Fumes, Weathering,  
Salt Water, etc.,  
Indoors and Out



Just scrape and wirebrush to remove rust scale and loose particles . . . then brush Rust-Oleum 769 Damp-Proof Red Primer *directly over the sound rusted surface*. Rust-Oleum finish coatings available in many colors, aluminum, and white give you *double protection*. Sandblasting and other costly preparations are *not* usually required. Apply by brush, dip, or spray. See Sweets for nearest Rust-Oleum Industrial Distributor or write today.



ATTACH TO YOUR LETTERHEAD—MAIL TODAY!

**RUST-OLEUM CORPORATION**  
2426 Oakton St., Evanston, Illinois

- ☐ Have a Qualified Representative Call
- ☐ Free Survey
- ☐ Complete Literature
- ☐ Nearest Source of Supply



**"... an executive might find that having an estate for entertainment might cost less than he spends now ..."**

ESTATE starts on p. 80

given amount above a minimum figure to live comfortably.

Thus you could knock off several thousands of dollars simply by eliminating over-elaborate flower gardens. Instead, you could put in flowering trees and shrubs that require relatively little care.

You can exercise the same control throughout the property. You could have as many as 20 men doing outside work. Yet three are plenty to maintain all 49 acres of the grounds in its carefully manicured state. You can cut your outside men to two or one by reducing the amount of lawn.

• **How Many Servants?**—The same applies to the house. To operate on a full-scale basis, you need five servants—a cook, a kitchen maid, a butler, and an upstairs and a downstairs maid. But dropping one or two of these would have little noticeable effect on the household's operations.

Having full-time servants saves money, too. They act as handymen, make it possible for you to have minor repairs done without calling in outside help.

On major repairs, you'd be in the same boat with everyone else: You would have to call in the plumber, or electrician, or carpenter. The advantage here is that major repairs would be kept to a minimum by preventive measures you could have your servants take.

• **"Hidden" Savings**—Once an executive figured he could afford these basic expenses, he might find that having an estate for entertainment might cost him less than he spends now.

For one thing, entertaining on a lavish scale puts a strain on the average suburban home, even if it's big. It means bringing in extra help, plus paying for a flood of minor expenses. The cost of renting rooms at your club, or at hotels, can run into heavy money over a year's period.

Even taking a few people to the club or an exclusive restaurant for dinner may run your expenses way out of bounds.

• **All Set Up**—But with an estate, you can handle all this at a fraction of the extra expense. Your help is already there. You have plenty of room to have a party of any size—and variety—without disrupting the household. You can have guests overnight or for days and weeks without much bother; there's room enough to insure privacy for everyone.

*for heat treating bars and tubes*

**ihp\***

## **SAVES SPACE**

Heating bars in a furnace one-third shorter than the length of the bar itself is typical of Selas *Improved Heat Processing*. One company using a 14-foot high-speed radiant, gas-fired furnace doubled its previous output rate in tons per hour of 22-foot bars.

Selas *ihp*\* is in use for bars and tubes of stainless, carbon, or alloy steel and non-ferrous metals . . . for hardening, drawing, normalizing and annealing. Treating metals at mill production speeds, *Improved Heat Processing* methods save furnace and storage space, plus many dollars in handling costs.

Every bar is given the same uniform treatment, resulting in consistent metallurgical results not only from end to end of any one bar, but also from bar to bar.

Numerous magazine articles attest to the efficiency of Selas methods. Ask for printed material describing results obtained by companies with problems similar to yours.

***\*Improved Heat Processing***



# **SELAS**

**CORPORATION OF AMERICA**  
PHILADELPHIA 34, PENNSYLVANIA



**Heat Processing Engineers for Industry — Development • Design • Manufacture**



# New MERCURY INDUSTRIAL TRACTORS



"Banty" Model 460 (Gas Powered).  
Available in Two Capacities:  
2300 and 3000 lbs. DBP

Here it is...the completely new MERCURY "Banty." A small, rugged 4 wheel gasoline tractor with a turning radius of only 62". Features new double reduction drive axle with demountable wheel rim and tire assemblies...self-energizing hydraulic brakes...new semi-elliptic spring suspension, front and rear...cushion or pneumatic tires.



"Tug" Model 550 (Battery Powered).  
Available in Two Capacities:  
2000 and 2500 lbs. DBP.

The compact, versatile, new MERCURY "Tug" electric tractor. Features automotive type steering... 4-speed magnetic contactor control with timed acceleration and controlled plugging...new type double reduction drive with demountable wheel rim and tire assemblies...self-energizing hydraulic brakes and new type semi-elliptic spring suspension. Available in twin-3 wheel, or 4 wheel model with wide front tread.

## MERCURY

FORK TRUCKS-TRACTORS-TRAILERS

MERCURY MANUFACTURING COMPANY

4146 S. Halsted St., Chicago

GENTLEMEN: Please send me information on the following:

☐ "Banty" Tractor Model 460 ☐ "Tug" Tractor Model 550

NAME \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_

# WHAT IT'S ABOUT

## Unemployment Growing; Better Keep Eye on This Trend



BY RICHARD L. GORDON  
Post Business Reporter

Significant change in labor supply-demand situation to be shaping up here. For more than a year, 19% weekly employment co.

## GE Expects Employment Decline

The General Electric Co. expects employment at its huge Schenectady plant to drop.

	1953		1940	
	Millions	% Of Total Pop.	Millions	% Of Total Pop.
<b>TOTAL POPULATION</b>	<b>140,000,000</b>	<b>100.0%</b>	<b>132,000,000</b>	<b>100.0%</b>
Less:				
People Under 14	43,500,000	27.0%	31,000,000	23.5%
And Institutional Population Over 14	1,500,000	1.0%	1,000,000	1.0%
<b>Noninstitutional Population Over 14</b>	<b>115,000,000</b>	<b>72.0%</b>	<b>100,000,000</b>	<b>75.5%</b>
Less:				
People Not Looking For Work	48,500,000	30.0%	45,000,000	34.0%
<b>Total Labor Force</b>	<b>66,500,000</b>	<b>42.0%</b>	<b>55,000,000</b>	<b>41.5%</b>
Less:				
Armed Forces	3,500,000	2.0%	500,000	.5%
<b>Civilian Labor Force</b>	<b>63,000,000</b>	<b>40.0%</b>	<b>54,500,000</b>	<b>41.0%</b>
(Male 44,000,000) 70%		(28%)	(40,500,000) 74%	(30.5%)
(Female 19,000,000) 30%		(12%)	(14,000,000) 26%	(10.5%)
Less:				
Unemployment	1,500,000	1.0%	8,500,000	6.0%
<b>Civilian Employment</b>	<b>61,500,000</b>	<b>39.0%</b>	<b>46,000,000</b>	<b>35.0%</b>
Less:				
Farm Employment	6,000,000	4.0%	9,000,000	7.0%
<b>Non-farm Employment</b>	<b>55,500,000</b>	<b>35.0%</b>	<b>37,000,000</b>	<b>28.0%</b>
Less:				
Self-employment, Professional, Domestic	6,000,000	4.0%	5,000,000	4.0%
<b>Non-farm Employees</b>	<b>49,500,000</b>	<b>31.0%</b>	<b>32,000,000</b>	<b>24.0%</b>
(Mfg. 17,000,000) 34%		(11%)	(11,000,000) 34%	(8%)
(Non-Mfg. 32,500,000) 66%		(20%)	(21,000,000) 66%	(16%)

## What Is Unemployment?

Each month the Census Bureau sends out investigators to knock on some 25,000 doors across the nation. They ask a flock of questions about jobs and joblessness; from the answers, you can get a good piece of the over-all business picture.

Of course, the investigators don't find a market analyst behind each door. They do find a fair sample of U.S. workers—and a gauge on how the breadwinners of 48-million U.S. families are doing.

In October, the investigators found

fewer people hunting jobs than in any month since World War II. From this, the bureau projected a nationwide unemployment estimate of 1,162,000 for October, a peacetime low.

• **Too Good?**—This was good news—better than might be expected in a month when many other economic indicators were wagging uncertainly, or declining. You might even wonder whether the news isn't a little too good.

No one would have been surprised last spring if unemployment had hit new lows. Then, the Federal Reserve

## Every Plant has a Built-In Bottleneck



You built the finest plant engineering brains could conceive. You provided up-to-the-minute tooling—polished up distribution and sales. But all that was only a good start.

The clock keeps on ticking.

And people keep on getting bright ideas.

Suppose you tooled up as of not too long ago with the most productive lathes of the times. And then comes along a lathe like our Air-Gage Tracer Controlled Mona-Matic. This high speed, fully automatic cycle machine consistently cuts costs 30-50%, and earns users' comments like these: Plant A, "Reduced machining time from 81½ minutes to 11¼ minutes"; Plant B, "Reduced operations from 12 to 2"; Plant C, "Not operating full time, machine paid for itself in one year."

Someone's going to use it to kick the stuffing out of costs.

And there's your built-in bottleneck at work with a vengeance. You've got to do one of two things. You can figure

that what with taxes, and your machine tool inventory, only partially depreciated, you'll wait.

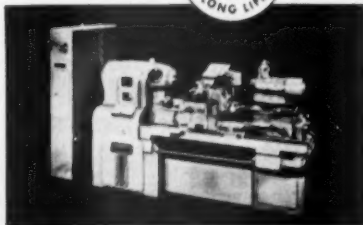
Or, instead of fighting a losing battle, you can size up your earnings and reserves—face the fact that it is machines, not dollars, that keep a plant competitively productive—burst your bottleneck wide open—and build for the greatest years your company can hope to have.

If you figure that way, you can count on Monarch lathes and Monarch engineering to back you all the way. . . . *The Monarch Machine Tool Company, Sidney, Ohio.*

**FOR A GOOD TURN FASTER . . . TURN TO MONARCH**

# Monarch

**TURNING MACHINES**



The Monarch Mona-Matic—high speed production turning at its finest. Monarch has built fine lathes for production line and toolroom since 1909—has pioneered the use of tracer controls since 1930.

## No, he doesn't know them all like a book . . . but . . .

there's one phase of virtually every business which Lyon Steel Equipment Dealers know "from cover to cover." That phase has to do with helping their customers make the most out of steel equipment in terms of savings in time, labor and money.



A highly diversified line of more than 1500 standard Lyon items enables Lyon Dealers to meet the varying needs of business, industry and institutions—*better*. A very few typical products are shown below.

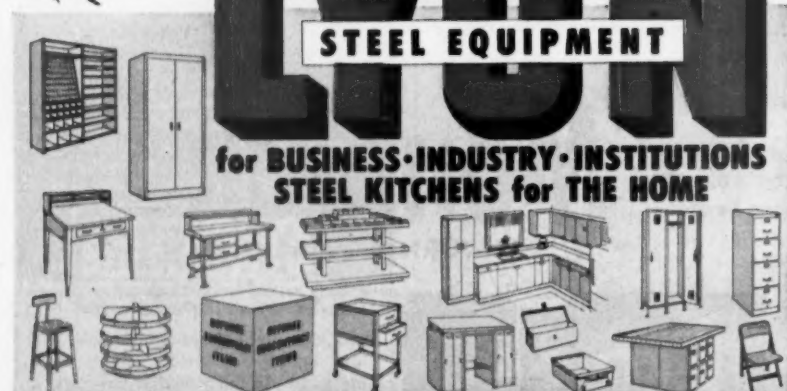
**LYON also has facilities for special contract work**

**LYON METAL PRODUCTS, INCORPORATED**  
General Offices:  
1110 Monroe Avenue, Aurora, Ill.  
"Dealers and Branches in All Principal Cities"

# LYON<sup>®</sup>

## STEEL EQUIPMENT

for BUSINESS • INDUSTRY • INSTITUTIONS  
STEEL KITCHENS for THE HOME



### A PARTIAL LIST OF LYON STANDARD PRODUCTS

- |             |                    |                   |                      |                        |                 |               |
|-------------|--------------------|-------------------|----------------------|------------------------|-----------------|---------------|
| • Shelving  | • Kitchen Cabinets | • Tool Boxes      | • Toolroom Equipment | • Revolving Bins       | • Work Benches  | • Tool Stands |
| • Lockers   | • Cabinet Benches  | • Economy         | • New Freedom        | • Wood Working Benches | • Bench Drawers | • Hopper Bins |
| • Stools    | • Storage Cabinets | • Locker Racks    | • Kitchen            | • Hanging Cabinets     | • Service Carts | • Shop Boxes  |
| • Bin Units | • Drawing Tables   | • Parts Cases     | • Display Equipment  | • Sorting Files        | • Tool Trays    | • Shop Desks  |
| • Bin Racks | • Tool Trays       | • Filing Cabinets | • Flat Drawer Files  | • Folding Chairs       | • Drawer Units  |               |

Board's industrial production index was breaking over 240 in most months; official figures showed unemployment averaging slightly over 1.6-million. But now, with the Fed's index down to 232, Census figures that 400,000 fewer people are hunting for jobs.

As a result, some observers are questioning the accuracy of the unemployment figures for the first time since 1949 (BW—Nov. 7 '53, p17).

• **Leaks**—The Census Bureau doesn't claim its estimates are perfect. Admittedly, they are based on a sample, and are subject to what statisticians call sampling error.

In any survey, some errors creep in at the interview level. Investigators for the Census poll are better trained than most survey workers, and have had considerable experience in asking the same questions each month. Still, they may fail to ask questions in the prescribed manner.

To plug one leak, the period of the survey coverage is limited to a single week. The idea is that people should be able to give a more accurate answer on the previous week than for, say, a whole month. Even so, the people questioned may lack the facts sought, or be just plain uncooperative.

Troubles of this sort are common to all surveys, even to such blanket coverage as the 10-year census. Other errors are peculiar to the sampling.

• **Gaps**—There is a tendency to miss localized areas of unemployment. With only 25,000 monthly interviews to cover 48-million families, each sample is assumed to represent 2,000 unvisited households. Interviews, although they are spotted around 68 areas in 43 states, can very easily overlook an island of idleness.

Starting next February, the Census Bureau will broaden its base in an effort to reduce this sort of error. It will take in 230 areas, in 46 states, with only Wyoming and Nevada omitted.

• **Margin of Error**—In any case, the difference in findings between a complete survey and a sampling is likely to be surprisingly small. You can see just how small in the Monthly Report on the Labor Force, where the Census Bureau estimates the variation between a blanket survey and sampling.

Generally, the margin of error shrinks as the figures being estimated get bigger. The percentage of error runs only about 1% for figures in the 60-million range. At 1-million, the error might be as high as 10%. Thus, when unemployment is estimated at 1.2-million, there might be a sampling error of as much as 150,000 either way.

Just the same, there's little quarrel with the unemployment figures on purely statistical grounds. A complete census would be more accurate, but it would cost far too much. Anyway, it would take so long to collate the vast



"Neither  
snow  
nor rain  
nor heat  
nor gloom  
of night  
stays these  
couriers..."  
when  
an Inland  
customer  
needs help.



**INLAND STEEL COMPANY**

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## AMERICAN INDUSTRY IN THE NETHERLANDS



## Dutch Plant a Success for Monroe Calculating

Mr. Alfred B. Connable, Chairman of the Board of Monroe Calculating Machine Company, one of the many leading American companies now carrying on manufacturing operations in Holland.

Faced with the prospect of shrinking export markets because of the dollar shortage in many countries following World War II, Monroe Calculating Machine Company decided, in 1950, to begin manufacturing in Europe.

The Netherlands was selected for Monroe's plant because of the favorable industrial climate. The results, according to Mr. Alfred B. Connable, Chairman of the Board, have been "pleasing indeed."

"Where we might have expected a long and arduous training period in the instruction of workmen hitherto unskilled in the assembly of our very intricate machines, we have been pleased beyond measure by the innate craftsmanship of the Dutch worker," reports Mr. Connable.

"In the manufacture and assembly of thousands of precision parts, in which painstaking accuracy is essential, he has proved extraordinarily skillful."

### Government cooperation

"Where we might have expected protracted negotiations with government officials," continued Mr. Connable, "we have found that help and advice have been promptly and enthusiastically forthcoming."

Original operations at the Monroe plant were confined to assembly of parts shipped from the United States, but results were so successful that the company has tripled its floor space and is now both manufacturing the parts and assembling the machines in Holland. Products of the Dutch plant are now being exported to 40 countries in "soft-currency" areas, including Europe, Asia, Africa, Australia and South America.

American industry's need for maintaining its export business in non-dollar areas and Holland's surplus labor pool of skilled workmen combine to make the Netherlands an ideal site for the overseas operations of American companies, according to Mr. Joseph P. Bourdrez, General Manager, Netherlands Industrial Institute. "American indus-

try needs to protect and expand export markets; Holland needs manufacturing employment and exports," said Mr. Bourdrez.

### Market areas

The Netherlands offers exceptional opportunities for the development of markets in soft-currency areas. Trade agreements among the Benelux group permit shipment of finished goods to Belgium and Luxembourg without trade barriers. And, trade with all other western European countries is facilitated by the European Payment Union (E.P.U.). Large rivers provide economical waterborne commerce with other European countries. Excellent seaport facilities handle shipments to other parts of the world.

Every part of the Netherlands is thoroughly linked internally by canals, roads and railroads.

### Labor conditions

Holland's need for industrial development complements America's need for retaining export markets.

For this reason, the Dutch government has established a policy of attracting capital from other countries by arranging liberal facilities for the transfer of profits and retransfer of original investments, in dollars. An organization in this country called the Netherlands Industrial Institute has been set up to disseminate information to American industry and to assist in formulating plans.

A 48-page book, "Industrial Possibilities in the Netherlands," gives detailed information on the industrial background of the country; its current facilities for supplying raw materials and semi-fabricated parts to new industries; and the extremely simple regulations under which American capital can build and operate manufacturing plants.

Interested executives can obtain copies of this book from Mr. Joseph P. Bourdrez, General Manager, Netherlands Industrial Institute, Room 48, 1-M-b, The Biltmore, New York 17, N. Y. LEXington 2-5069.

results that only historians would be interested.

Even with sampling, the figures are three weeks old at release. The sample is taken in the third week of each month, relates to conditions in the previous week, and is released in the first week of the following month.

• **Definitions**—Most attacks on the Census are concentrated on the way Census defines "employment" and "unemployment" in its interviews. A person is counted as employed if he is actually at work, or has a claim on a job during survey week. The self-employed are included since "at work" means pay or profit. Unpaid family workers are counted if they are on the job 15 hours or more.

In the "employed" but not-at-work category are people on vacation, or idle through strike, illness, or weather. Even workers laid off for up to 30 days are counted, if they have been told to report back on a definite date. So are people promised jobs within 30 days.

Because of criticism of the counting of people not actually at work, the bureau each month estimates their number, too. Mostly, the number runs only about 1.5-million out of some 60-million employed. Summer vacations cause a big jump; in July the figure was 6.1-million.

In justification for including this group, the Census points out that such people do not behave like the truly unemployed. Notably, they don't compete for other jobs.

• **Days and Hours**—Another controversial group included by the Census is people who work from one to 15 hours during the survey week. To the bureau, a single hour's work for pay or profit qualifies a person as employed. The reason given for their inclusion is that the vast majority—over three quarters in a recent survey—are working part time by their own choice.

To be scored as unemployed by the Census, a person must be completely without a job, with no strings on one, and must be looking for work. Both parts of the definition are important.

• **The Jobless**—Of the 160-million people in the U.S., about 60% have no claims at all to a job. Some 43.5-million are under 14 years old and excluded from jobs in most states. Another 1.5-million are living in institutions and not looking for work. Still another 48.5-million—housewives, students, retired workers, and others—are not seeking work. All told, they constitute about 93.5-million people who do not have jobs, but who are not counted as unemployed because they are not looking for jobs.

This leaves 66.5-million people, 42% of the population, who are counted by the Census Bureau as the "total labor force." Of these, about 3.5-million are in the armed services, which reduces

# Giants for Hire



The **JARECKI** "Giants for Hire" include Clearing, Danly, Bliss, Cleveland, Hamilton, Verson, and Niagara presses ranging from 25 to 1200 ton capacity. These presses are capable of producing the largest and the smallest parts used in the automotive and appliance industries.

These giants also contribute to the **JARECKI** reputation for making dies. Each die is tested on these presses before delivery to the customer.

Expanding facilities soon will make it possible for **JARECKI** "Giants" to serve new customers. A facilities booklet will be sent upon request.

## JARECKI

*engineering • tools • dies • stamping • assemblies • plating • painting*

GRAND RAPIDS, MICHIGAN



JARECKI MACHINE AND TOOL CO.



**NOW**

...papers with a striking new look that produce brighter, cleaner copies!



# Hammermill's NEW BLUE-WHITE DUPLICATING PAPERS

for mimeographing and spirit duplicating

It's great news for users of office duplicating machines! These improved Hammermill papers have a sparkling new blue-white brightness that gives them more eye appeal than ever before. And with all their other outstanding features, performance-wise they have no equal. On your own office machines they'll provide fast, trouble-free runs, produce sharper, cleaner copies—and

more of them! And your printer can supply them. He'll help you choose the right Hammermill duplicating paper to meet your particular requirements. And he'll also suggest colorful printed headings that win extra attention for your duplicated messages. See him soon. Meantime, write for samples to Hammermill Paper Company, 1455 East Lake Road, Erie 6, Pennsylvania.

**NEW**

## HAMMERMILL Mimeo-BOND AND HAMMERMILL DUPLICATOR

With its new *blue-white look*, famous HAMMERMILL Mimeo-BOND produces truly outstanding reproduction jobs. Its exclusive air-cushion surface enables it to absorb mimeograph inks more rapidly, without smudgy set-off—to produce 5,000 or more clean, legible copies from a single stencil. New *blue-white* HAMMERMILL DUPLICATOR will turn out brilliant copies—that retain their brightness—on either spirit or gelatin-type machines. Both papers come in a wide range of handsome colors as well as the new blue-white.

**NEW**

## WHIPPET MIMEOGRAPH AND WHIPPET DUPLICATOR

ASK YOUR PRINTER TO SHOW YOU HOW PRINTED HEADINGS FURTHER IMPROVE DUPLICATING PAPER'S APPEARANCE AND UTILITY.

No matter what type of material you reproduce on your machines, it can be more effective with printed headings.

Ask your printer to show you how reports, price lists, sales letters, charts, bulletins all become more arresting, and easier to prepare, with the proper masthead.



WHIPPET MIMEOGRAPH has been given a sparkling new *blue-white look*. WHIPPET DUPLICATOR is a brand-new Hammermill paper—also made in a blue-white that commands attention. Both are an excellent value where looks of a job must be kept up and paper costs kept down. And both have uniform quality that is unusual at such surprisingly low cost.

**HAMMERMILL**  
Duplicating  
Papers

the civilian labor force to 63-million.

• **Variations**—From year to year, the labor force varies in size, generally increasing in step with population growth. New workers seek their first jobs in the labor market; married women of late years have been seeking new jobs or returning to old ones. Right now, the labor force shows an average gross annual increase of about 500,000.

The net increase may be smaller. Military service may increase its take from the pool. Women marry. Married women return to housekeeping. Older workers retire.

Within a given year, the labor force may vary by as much as 3-million. Students take summer jobs. At peak periods like Christmas, many students, housewives, retired workers get jobs.

All this ebbing and flowing doesn't make the census takers' job any easier.

• **Checks**—There are ways to check the accuracy of the Census Bureau monthly figures. One is to compare them with the weekly reports on claims for unemployment insurance that are issued by the Bureau of Employment Security. This is tricky business, for while both sets of figures claim to be measures of unemployment, their coverage and the methods of collection differ widely.

The Census tries to estimate all unemployment, farm and nonfarm. But unemployment insurance covers only about two thirds of the total labor force. So, even if the two sets of figures agreed in every other respect, the claims figures would tend to be smaller than the Census estimate. Claims figures are not estimates; they are the actual number of claims reported by the roughly 1,600 local unemployment offices in 48 states.

• **Another Difference**—The Census issues a single nationwide estimate. The BES gives a nationwide figure, and separate sets for each state.

There are other technical differences. Thus a man with a job but not at work would be employed by Census standards, but he might well be claiming unemployment compensation from BES.

• **Claims**—BES issues two different weekly figures: initial claims, and weeks of unemployment claimed.

Initial claims are just what they say, the number of people who apply for compensation. Not all of them will even get checks. Some claims will be denied, and some people will find other jobs before they are eligible to collect. With something like 36-million workers covered by unemployment insurance, initial claims are probably the earliest indicator of a sharp drop in employment.

Weeks of unemployment show the number of people in covered employment who have been out of work for a week or more. This gives a picture of volume and duration of unemployment.



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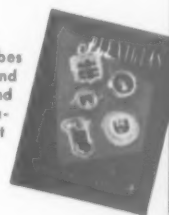
The molding is transparent—metallized and spray painted on the rear surface to produce the brilliant chrome bezel effect, the mirrored and richly colored backgrounds, the gleaming letters and decorations.

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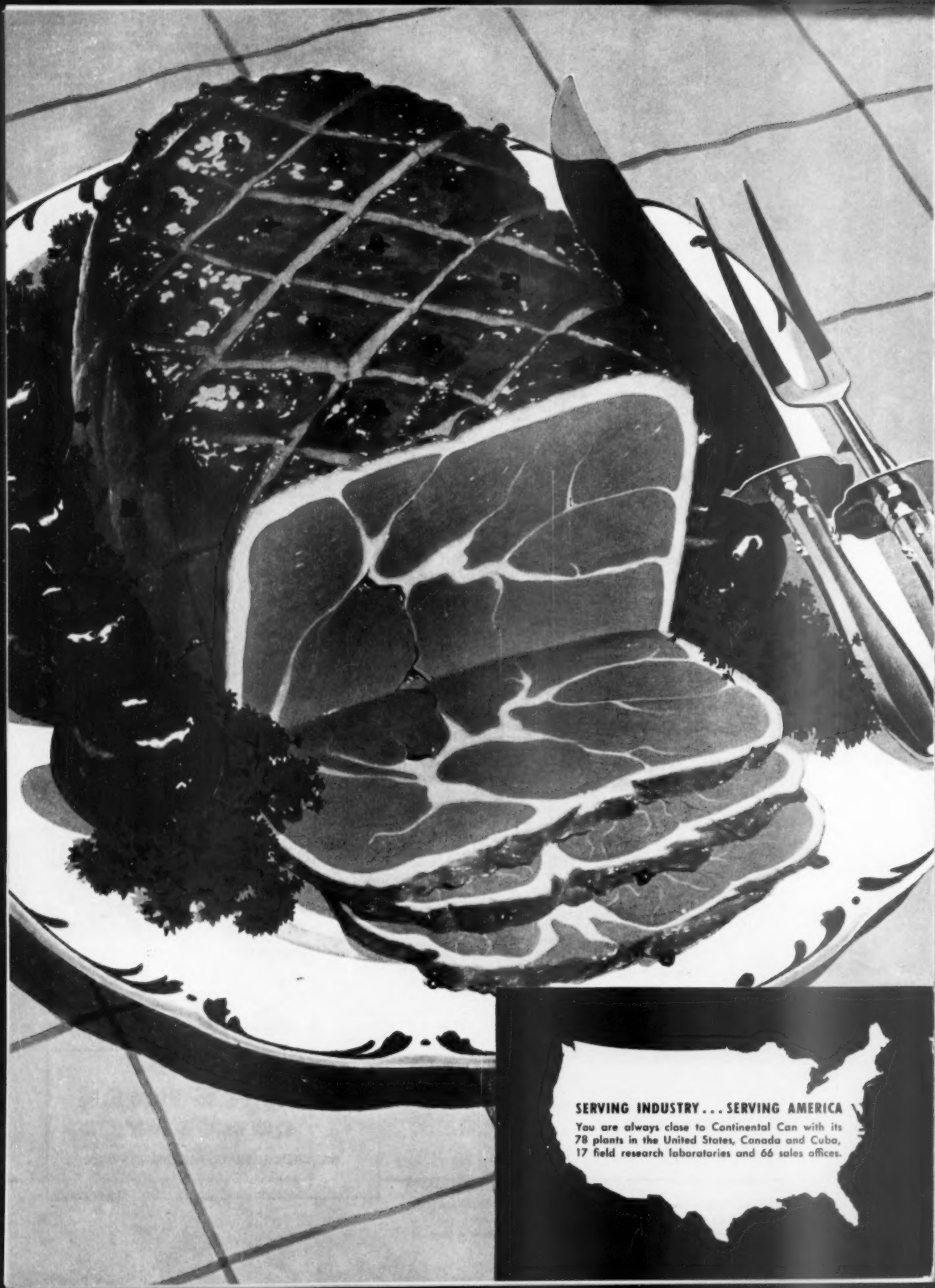


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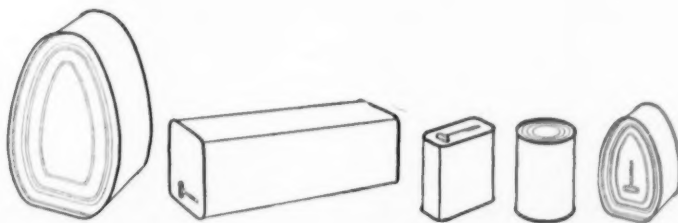
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# GOVERNMENT

## U.S. Sales Tax Raises Its Head

● Politicians used to think it was political poison, but it fascinates Eisenhower's Treasury advisers.

● Treasury thinks income tax rates have about hit the ceiling and we're depending too much on them.

● Legislation is being considered for a levy of around 5% on most sales—except food and drugs—at the manufacturer's level. It hasn't much chance, but it's an opening shot.

The 16th Amendment to the U.S. Constitution, legalizing the federal income tax on all citizens, had a hard time getting born in 1913, but once it was the law of the land, the idea behind the income tax became a sacred cow.

"Ability to pay"—with all its implications of progressive rates of taxation—became a political untouchable. And even though most states in the depression years turned to the sales tax to get revenue to pay for education, welfare, pensions, and general programs, the U.S. Congress dared not consider it for the nation as a whole.

The last time a general sales tax reached the floor of Congress, it was angrily swept aside on the grounds that it bore down unfairly on the poor. That was 20 years ago—but professional politicians of both parties have ever since labeled the very idea "political poison."

Philosophically, politically, or any other way you looked at it, "ability to pay" was so sacred that hardly anyone would challenge it.

• **Look Again**—However, to the political amateurs of the Eisenhower Administration—mostly the new businessmen administrators—a sales tax has an irresistible fascination. Some of them think the time has come to reshuffle the sources of revenue—to shift away from the present overwhelming dependence on income taxes.

They would do it by building up revenue from taxes on consumption—either by extending the present system of selective excises to include more items, or by the broader approach of imposing a general sales tax. They prefer the general sales tax.

• **Across the Board**—A first step may be taken when the Administration's tax program is laid before Congress next January. This would be a modest 5% or so applied to all manufactured products except food, essential drugs, liquor, and tobacco.

As bait to the lawmakers—and to ease the blow to consumers—this tax would replace the present hodgepodge of special excises on some 50 products. The effect would be to reduce all excises greater than 5%, such as the 20% on furs, jewelry, luggage, and electric light bulbs. But it would clamp a tax on many items that escape the present system, such as clothing and many household furnishings.

A bill of this kind is being prepared by Rep. Noah Mason, Illinois Republican. He figures that a 5% levy would bring in \$5-billion, which would just about replace the revenue from all excises outside the liquor and tobacco group. He would leave those as they are. In order to lighten the blow on small-income groups, he would exempt food and essential drugs.

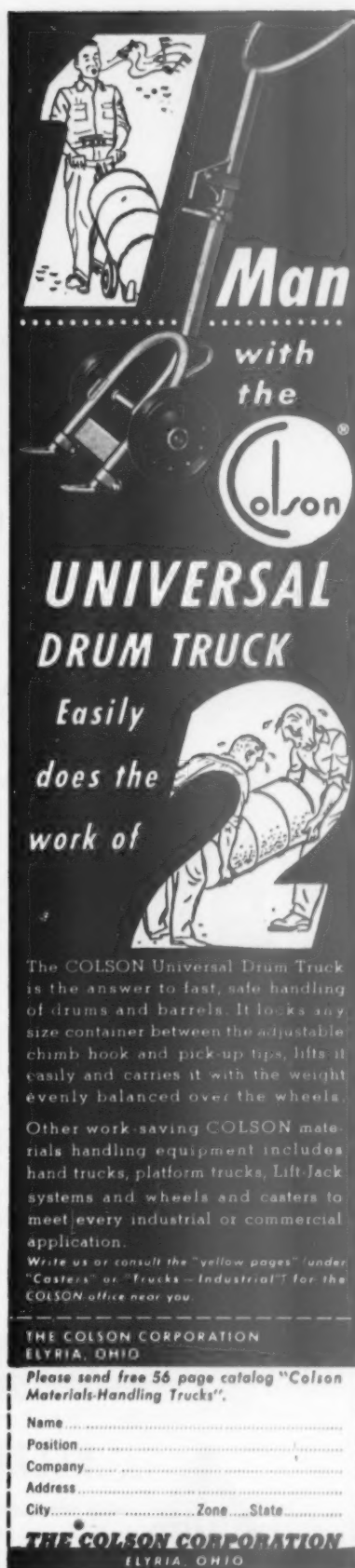
Privately, Mason has been given encouragement by high Treasury officials. At least, they've told him that his approach is worth serious consideration. But Mason—a veteran of the tax-writing House Ways & Means Committee—won't predict adoption of his bill, Treasury backing or not.

• **Same Base**—Such a bill, of course, would have no total effect on the source of taxes. It would just replace revenue that would be lost by canceling the present excises. It would still leave consumption taxes bringing in around 13% of the total federal revenue.

This percentage is far lower than that of any other industrial country—a fact that impresses some of the Administration's tax thinkers. The United Kingdom gets 40% of its revenue from sales taxes, and Canada gets 36%.

Arguments for taking another look at the role of consumption taxes center around changes in both the economy and the role of government in 20 years.

• **New Attitude**—Thirty-three states and even some cities have sales taxes now,



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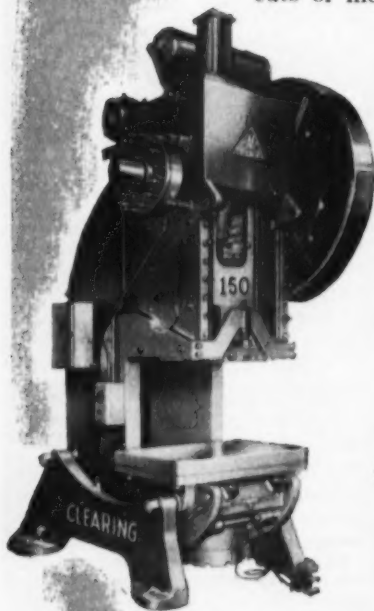
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One good rule of thumb for comparing costs on various items is to consider cost per pound. It's surprising, for example, that such a complex item as an automobile costs less per pound than some cuts of meat.



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and the politicians who put them in survived in most cases. Sales tax is now a standard form of taxation, familiar in the everyday life of most voters. To have the federal government adopt the idea would not be the political risk today that it would have been in 1932.

This argument has its reverse twist, too. The very fact that so many states depend on sales taxes is cited as a reason for the federal government to stay out.

But the states and cities depend on taxes levied at the retail level. Since Eisenhower personally killed any idea of a federal retail sales tax, his advisers have shifted to the manufacturer's level, along the lines of the Mason proposal. They argue that the two levels of consumption taxes could exist side by side without conflict.

• **Still Progressive**—The higher rates on personal incomes are built-in assurance that the theory of progressive taxation would still be basic. This, of course, simply means that a consumption tax combined with income taxes would still be a tax system resting largely on ability to pay. This would be more true today than 20 years ago, before the present sharply rising income levies were in effect.

A table prepared by the National Assn. of Manufacturers in its proposal for a 4.5% sales tax shows what the progression would be for typical families of four:

Income	Income tax	Sales tax	Combined taxes
\$2,000	None	\$55	\$55
4,000	\$271	96	367
6,000	666	143	809
8,000	1,084	182	1,266
10,000	1,528	213	1,741

• **Ceiling Reached?**—There's a growing feeling that we may have reached a practical limit on the amount of income taxes that can be levied. In that case, any hope of maintaining a big defense system and also balancing the budget would rest on getting more revenue from consumption taxes.

New evidence on the limits of income taxation comes from the surprising results of the Internal Revenue Service's recent field canvass to uncover delinquents. These surveys showed a degree of tax avoidance that worries both lawmakers and Treasury officials.

House-to-house canvassing showed that 13% of the people who should have filed returns had not done so. One man had not filed for 16 years. Another had not filed for seven years; he owed \$30,000 on one year's income alone. Agents discovered one man holding out \$180,000 in taxes, and another, \$110,000.

The assumption is that the higher the rates, the more cheating there is. We now depend on 98% of tax collections coming in voluntarily. To raise rates further—in the minds of some tax collection experts—would push more

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**"... any old tax is good;  
any new tax is bad ..."**

**SALES TAX** starts on p. 103

taxpayers past the "point of no return."

All these reasons together, however, don't add up to much in the minds of congressmen who must face the voters next November. That explains Mason's reluctance to predict passage for his bill. He won't even predict that his Ways & Means Committee will report the bill out.

• **Political Rule**—Among lawmakers, tax-writing maxim No. 1 is: Never clamp on new levies in an election year. The person who now pays 20% on jewelry doesn't like it, but he's used to the idea. His irritation won't begin to equal that of a person asked to pay 5% on rugs for the first time. In the tax philosophy of the working politician, it boils down to this: Any old tax is good, any new tax is bad.

At the same time, Treasury officials are convinced the present excise system is unfair and even harmful. In particular, they are impressed by the arguments of furriers and the movie makers. Both businesses are in distress—and both suffer under 20% levies. President Eisenhower has already promised some sort of relief for the movies. And it may still take the form of a general sales tax, despite the unfavorable political outlook.

If this is the decision, the recommended tax will be close to Mason's 5%—not one big enough to mark a real shift of revenue sources. This can wait, in the view of Treasury officials. But they'll have a small victory even if the Administration does nothing: Out of \$8-billion tax reductions now written into law to take effect next year, \$7-billion reduction is in income taxes. That will mean a slight percentage shift toward consumption taxes.

• **Fiscal Make-up**—Consumption taxes would still provide only about 13% of the federal take. Something closer to 25% is what the pro-consumption tax thinkers in the Treasury have in mind. Mason would go as high as 33%.

This fiscal year, \$10-billion is expected from excises. If total federal revenues were to level off at around \$65-billion a year in a peaceful world, 25% from consumption taxes would mean more than \$16-billion a year.

Raising revenues that much on consumption, in a period when over-all revenues would be allowed to drop some \$10-billion, looks like an impossible goal to the men who write the tax laws in Congress. But it won't keep Treasury officials from trying when they think the time has come—if not next January, then perhaps the following year.



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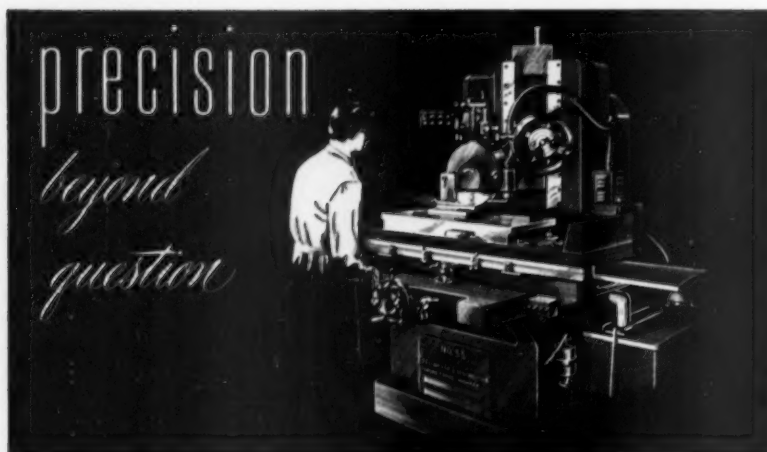


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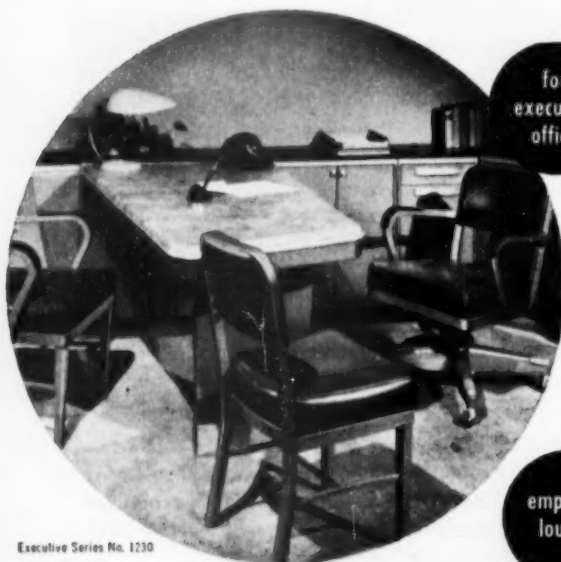
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## Preserving . . .

. . . privately owned defense facilities, now idled by cutbacks, is the tough job of a new government agency.

U. S. defense problems have a way of fostering government agencies. Latest to join the family is the Defense Facilities Maintenance Board, now being organized by the Office of Defense Mobilization. The new board's job will be "to develop concrete recommendations for dealing with the maintenance of the mobilization base."

Its chairman will be William Lawrence, a government career man, now ODM's acting assistant director for production requirements and programs. Its membership will include representatives of the Defense Dept., Commerce Dept., General Services Administration, Atomic Energy Commission, and other agencies dealing with defense plant problems.

• **Filling a Hole**—The board's exact functions are pretty nebulous right now. It was actually set up on paper last January by Henry H. Fowler, then defense mobilization director. It never got much beyond the paper stage, mainly because an adequate program to keep strategic industrial facilities on standby was being worked up through existing government channels.

But this program, as it evolved, left one hole in the defense-standby picture. It made no provision for dealing with the privately owned plant that had been producing defense goods exclusively—the plant that now faced military cancellations without being able to fall back on civilian production. DFMB is expected to fill this hole.

As the program stands now, it works like this:

• Entire government-owned plants producing complicated, long-lead-time military goods are held intact for production readiness.

• Government-owned machines and tools in privately owned plants are stored as "package units" in the same plants or in nearby warehouses.

• Other government-owned production equipment is put in central storage depots.

These plans take care of government-owned plants or private plants equipped with government tools. Other defense plants have peacetime uses, and present no problems concerned with maintenance of a mobilization base. However, there are many private defense plants that have no government tooling and whose production equipment has little if any civilian application.

The problem of how to keep these facilities available for wartime pro-

duction has been dumped into the lap of the new board. The board is supposed to identify specific plants like these, determine their problems, and recommend solutions.

- **Difficulties**—Recent cutbacks in military procurement have highlighted the problem with which DFMB is now faced. Examples of affected plants:

- A Detroit foundry that produced armored steel castings for Chrysler Corp. production of medium tanks. Chrysler took up the bulk of the foundry's output, is now being dropped from the medium tank program.

- A West Virginia steel fabricator that added electric furnaces to its plant for production of shell steel. The new furnaces, constructed with the aid of rapid tax amortization and a defense loan from Reconstruction Finance Corp., are classed as "high cost" facilities. Next month, the armed forces will discontinue procurement of premium-priced shell stock.

- **Pooh-pooh**—How DFMB is supposed to tackle problems like this is still unclear. The Defense Dept. is inclined to pooh-pooh the matter. Pentagon officials say the Detroit foundry could continue output of carbon steel for civilian markets, and add that maintenance of its patterns and other equipment needed for armor steel is no problem.

The Pentagon views the West Virginia steel fabricator's case in a similar light. The company normally produces steel rails and other railroad specialties, officials point out, and could use its own ingot output or seek civilian business. They say additional military procurement of premium-price shell stock from the company, which produces only about 2% of total shell steel output, would amount to a \$600,000 annual subsidy.

In fact, the Pentagon is skeptical about the whole problem pointed up by ODM.

- **Other Remedies**—Some officials suggest that the Defense Dept.'s \$250-million Vance Plan fund, which is earmarked primarily for procurement of new machine tool reserves, plus additional mobilization planning money that has been appropriated to the Pentagon, could be used for direct purchase or subsidy of any strategic defense production facility in danger of being lost. But these funds are only a drop in the bucket when related to the value of all facilities affected.

One other remedy might be tax relief. Owners of strategic plants could be allowed to depreciate facilities at accelerated rates. Or where the plant or tools are already fully depreciated, the facilities could be assigned a "defense value" as basis for further depreciation allowances. This would require new legislation.



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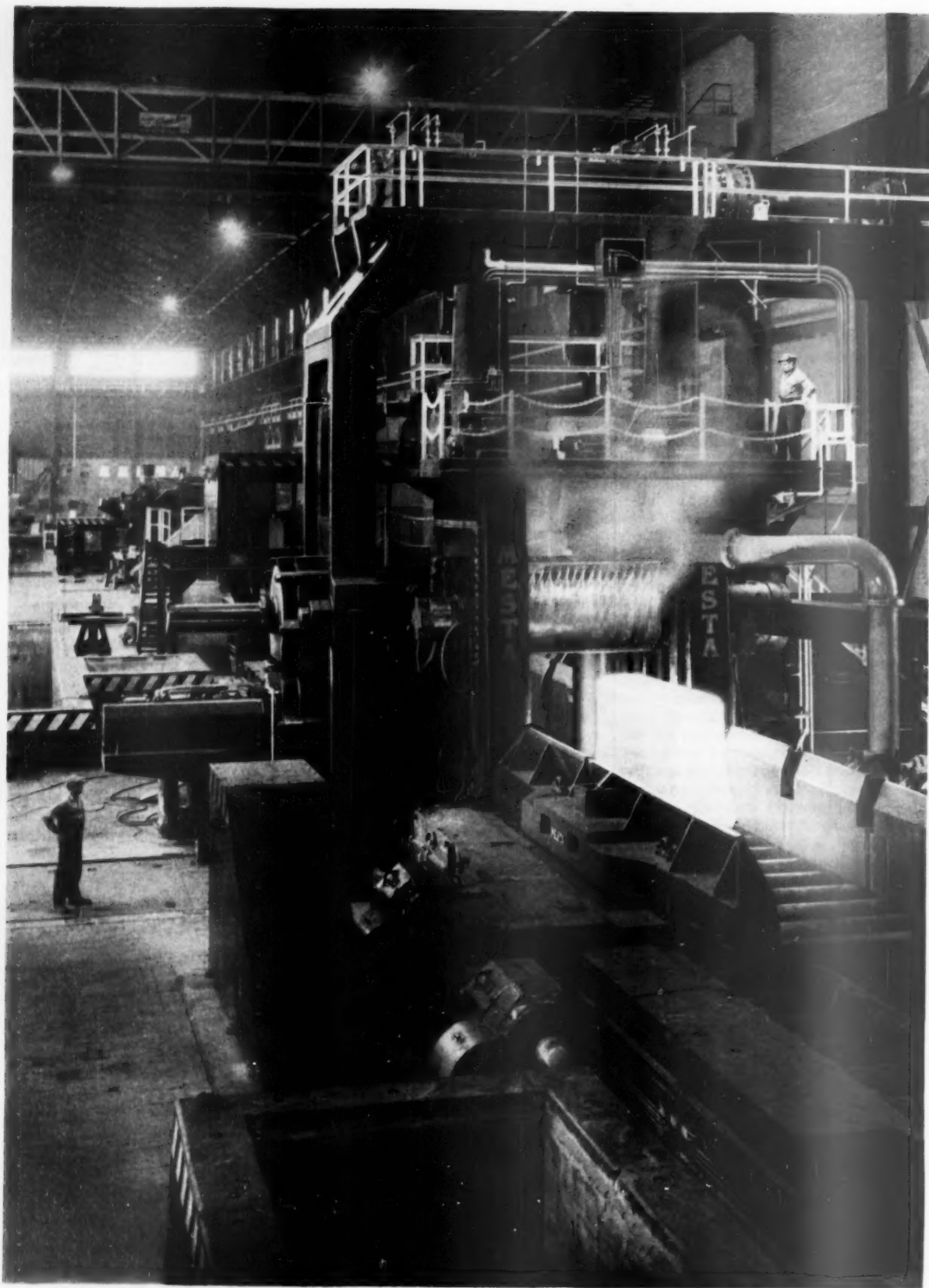
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You can count on great things from Great Lakes. For we're aiming to serve our customers well, in many fields . . . and especially in the mighty automotive industry. Great Lakes Steel Corporation, Detroit 29, Michigan.

## Great Lakes Steel



HAPPEN AT GREAT LAKES STEEL

# MANAGEMENT

## FOREMAN:

Management expects his allegiance ...



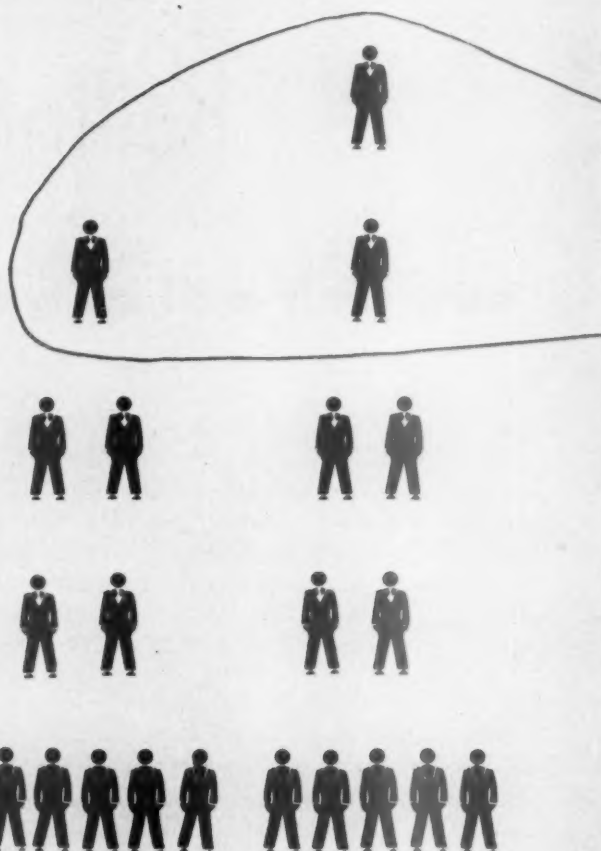
... But his role in the company is different

President

Vice-Presidents

Superintendents

Workers



## The Problems of the Man with Two

The foreman is in a peculiar position. Most of his superiors consider him a part of their own management hierarchy. So does the Taft-Hartley law, which bans him from rank-and-file unions. But neither he nor the men under him are quite convinced. He probably came up through the ranks himself, and his present job keeps him very close to the production workers. Hence, he may feel more akin to the workers than to the management men with whom, in another sense, he more properly belongs.

This can make him acutely uncomfortable. It can also be a persistent headache for management—especially

during labor disputes, when the foreman is drawn emotionally onto the side of the workers.

Is there a cure for the headache? At the American Management Assn.'s Manufacturing Conference in Philadelphia two weeks ago, industrial executives spent a morning trying to find out.

• **Solutions**—William M. Day, vice-president of Michigan Bell Telephone Co., pointed out the general direction in which a cure can be sought. It's management's job, Day said, to show by its actions that foremen are management men. Management consultant Carl W. Robinson, of Barrington Asso-

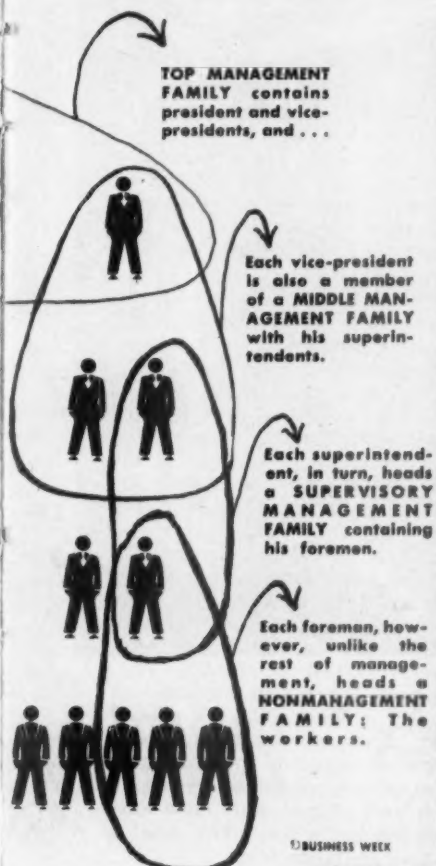
ciates, went along with this. He suggested that foremen should be paid like management men, not like rank-and-file workers: They should get no overtime or holiday pay, but a "carefully developed incentive plan" instead.

Earle E. Langeland, vice-president of Chicago's American Maize-Products Co., took a different view. He told the conference that most of the present confusion as to whether foremen are really a part of management lies within the foremen themselves.

• **Research**—The question of foreman status—and what to do about it—was left unresolved at Philadelphia. So were several other questions about foremen.



from management's  
HERE'S WHY . . .

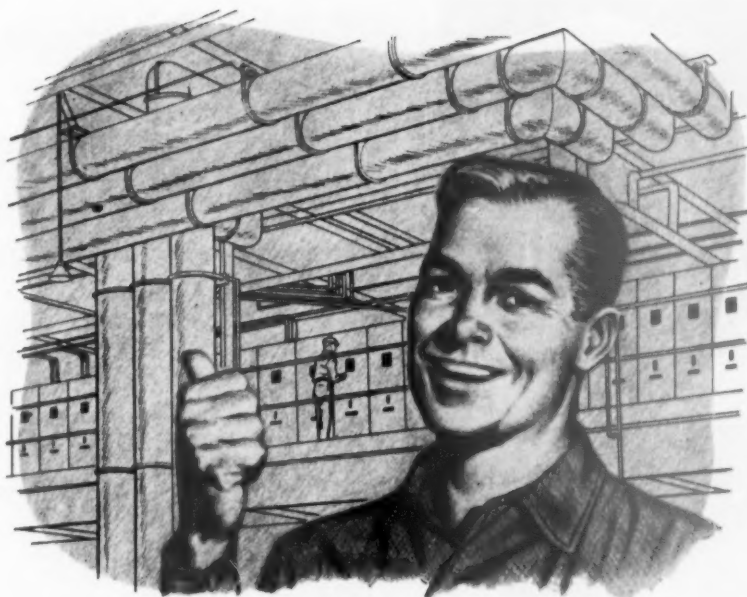


## Countries

What is the make-up of a good foreman? Should he supervise generally or closely? Under what supervisory conditions is productivity highest?

Some answers to these questions may come from another source—the Institute for Social Research, at the University of Michigan. For over six years, the institute has been seeking some solid answers to questions like these, through its research on worker motivation and behavior. (The institute is also responsible for the well-known Federal Reserve Board studies of consumer attitudes and finances.) The institute's director, Dr. Rensis Likert, says the study is far from complete; but

BUSINESS WEEK • Nov. 14, 1953



## "Ever hear of Isolated Phase Bus?"

**You probably haven't.** Not unless you're an engineer. These huge ducts carry the heavy currents produced by giant electric generators. They're called "bus"—Isolated Phase Bus.

**When you think of an electric power system,** visualize a large generator as the *heart*. The bus then becomes the *main artery* leading from the heart. Bus runs consist of large copper conductors suspended within individual metal housings. They are usually built in threes—to conduct current in the three *phases* in which electric power is generated. Each phase is isolated to prevent short-circuiting of the entire system.

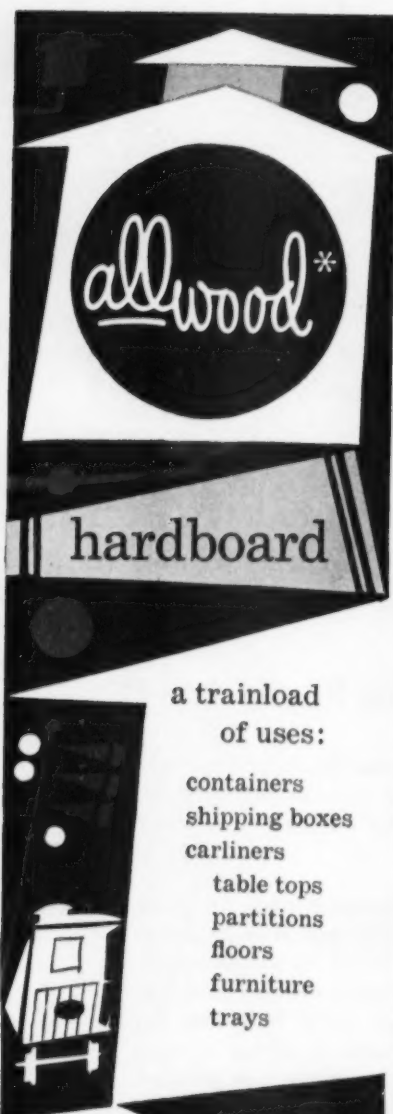
**Next time you turn on the lights,** remember. The electricity probably started on its way to you from a generator through Isolated Phase Bus—pioneered and developed by I-T-E for many of the world's greatest power projects.

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the track for profitable  
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\*Trademark  
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enough data is available to give strong indications as to what the final picture will look like.

• **Dual Role**—One major conclusion you can draw from Michigan's studies is that although the foreman has to play his role as part of the management hierarchy, he must never be so closely identified with the company that he loses contact with the workers.

Every management man, the institute points out, belongs to two organizational families (chart). One consists of his peers and superiors. The other consists of his subordinates. In the case of every management man except the foreman, the members of both families are—like him—management men. In the foreman's case, one of the families is made up of workers. Very often this family of workers is divided in its loyalty between the company and the union.

• **Tools**—This dual role makes the foreman's job tough, and it raises the question of how he can operate most effectively. Here are some of Michigan's findings on the subject:

Both management and the workers apparently think it's a good idea for foremen to be willing to talk over business and personal woes with the workers. The evidence: In a certain large utility company, foremen considered most approachable by their subordinate workers are also those whom top management considers most promotable. In a tractor plant, a greater proportion of high-then low-productivity workers find their foremen approachable. And in an insurance company and a railroad, supervisors of high-productivity units were more frequently described by employees as taking a personal interest in them than were supervisors of low-productivity units.

Besides wanting the foreman to be a good listener, both management and the workers also think he should let the workers know how they are doing—even if no such informal rating system is required by the company. The evidence: In a utility, 79% of workers under supervisors rated immediately promotable by management say that the supervisor lets them know what he thinks of their work. Only 42% of the workers under supervisors rated as unsatisfactory by management say they are told how they stand.

• **Communication**—Management also relies on the foreman to pass down and to enforce its policies, and apparently the strictest and most communicative foreman comes out on top with both brass and workers. The evidence: At a washing machine plant, workers under foremen who both explained and enforced the company's incentive plan were the most highly satisfied. Workers under foremen who either did or didn't explain the plan, but who didn't en-

force it, were less highly satisfied. Least satisfied of all were workers under foremen who enforced the plan without explaining it.

The institute points out that the overcommunicative foreman, however, may have his drawbacks. He may, for example, recommend promotions freely and without discretion. At first his workers will think highly of him, and their productivity may soar. In the long run, however, they'll judge him not on what or how much he passes on upstairs, but on the results he gets for them.

• **Influence**—The institute has only just started to study the importance of the foreman's influence upstairs, but the researchers are certain that it is an extremely vital factor. The good foreman is seen not only as a man who can act as a screen, sending up only what stands a good chance of being accepted, but also as a man who has influence with his superiors.

Contrary to some opinion, management doesn't necessarily think the most highly of foremen who pull solely for the company. In a utility, nearly two-thirds of the workers under "promotable" foremen said that these foremen usually pull for both the company and the men. But only one-third of the workers under supervisors rated the least promotable by management gave the same verdict.

Also, only 4% of the employees under highly rated supervisors say their supervisors usually pull for the company over the workers. Some 25% of employees under low-rated supervisors, however, voice that complaint.

• **Approach**—Supervision methods are also a key problem. On the railroad studied, significantly more foremen of high-productivity units spend a larger time on supervision than on actual production work. Significantly more foremen of low-productivity units spend a larger time on production.

Additional findings on the railroad and in other companies indicate that foremen of high-productivity sections are more positive toward their men—take a more personalized approach toward them.

• **The Good Foreman**—From these studies, you can draw a fairly clear picture of the high-productivity foreman. He is close to the individual worker in the psychological sense: He's sensitive to the worker's needs and problems, goes to bat for him when it seems warranted. But he is not close to the worker physically. He doesn't supervise by the "over-the-shoulder" method. He respects the worker's autonomy. This high-productivity foreman is not supervised closely by his superiors. The more his superiors leave him alone, the greater his "upstairs" influence seems to his workers.

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## THE MANAGEMENT PATTERN

### Can the U.S. Export Its Methods?

**N**EXT FEBRUARY, the U.S. and seven other Western countries will send representatives to Sao Paulo, Brazil, to attend the 10th International Management Congress.

A. M. Lederer of Morris & Van Wormer, New York consultants, heads the U.S. delegation as president of the Council for International Progress in Management (USA) Inc., formerly the National Management Council. It's an association of management groups.

"This meeting," says Lederer, "will produce the first steps toward a standardized international management code of principles that never at any time was in evidence before."

The whole idea of these management meetings between countries raises a question: Can the U.S. export its management methods?

We certainly have been trying. For several years now, the government has been sending teams of observers, instructors, and advisers across the Atlantic to transplant in European soil the ideas—loosely labeled "scientific management"—that many believe have had much to do with making the American economy the wonder of the world.

In return, counterpart teams of labor, government, and business representatives have come to this country to watch U.S. business in action.

The effort is still going on. Just the other day, for instance, Michigan State College was awarded a contract by the U.S. Technical Cooperation Administration to help establish the first school of business administration in Brazil.

**B**UT NOT EVEN THOSE with the greatest interest in spreading modern management techniques in the free world will claim that the U.S. postwar effort has been a howling success.

Now, however, CIPM believes enough seeds have been planted to make the Sao Paulo meeting fruitful. The last such session was held in Brussels in 1951, at a time when the Marshall Plan was in full cry. Today, that bailing-out period—the period of strenuous U.S. aid—is

largely over. So more than ever before, CIPM says, the problem of promoting vigorous business abroad will fall on the foreign countries themselves—with help from an international exchange of management knowledge.

What can these countries learn from the U.S.? The American paper prepared for Sao Paulo covers a variety of subjects—all woven around the theme of applying modern management methods. It includes such fields as incentive compensation, human relations, work simplification, selling methods.

**A**LL THIS is backed by good intentions. But pessimists think it is all a waste of time. There's something to be said for their viewpoint.

There are big problems that no amount of management training or transplantation of American techniques can overcome quickly.

Of what value would U.S. ideas of marketing methods be where business prefers to function on a basis of low volume and high unit cost?

Another American concept, not nearly so prevalent abroad, is that of the professional management man. He and his group get much of the credit for U.S. advances in scientific techniques of organizing and running businesses. In the U.S., professional managers are policymakers with great influence.

Abroad, the owner-manager is still dominant. He controls organizations such as the Patronat Francais, an ultraconservative business group. Such leaders won't change their ideas about management or be particularly receptive to much of what goes on at Sao Paulo.

But there are hopeful signs. In France, for instance, management training centers have been started. They're similar to many launched in this country.

From such signs, men who are interested in movements like the International Management Congress take hope that a continual effort—supported by American business management—will eventually seep through the traditional barriers. The pessimists, they say, can be wrong.



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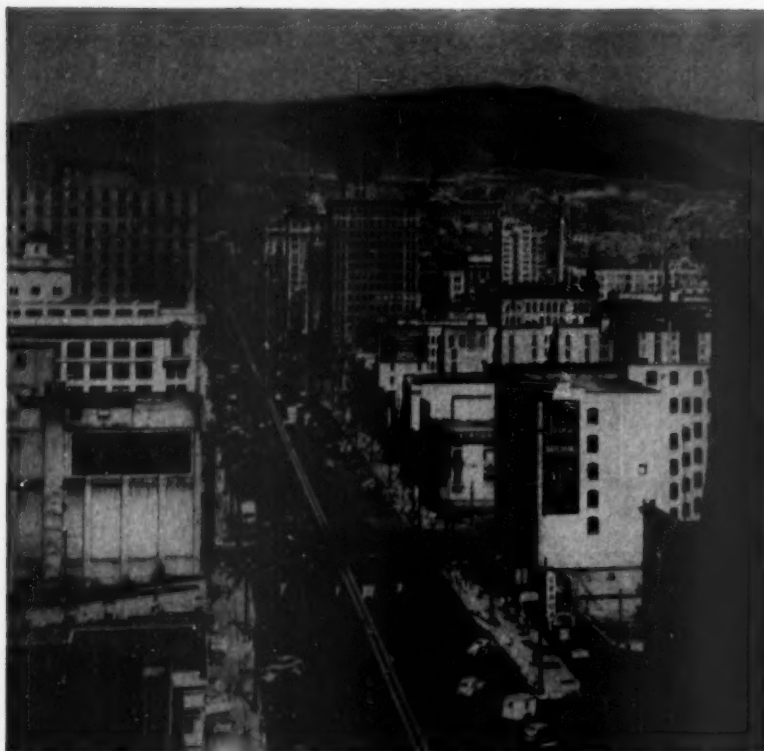
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## **\$70 million power expansion keynotes Salt Lake City's progress**

Salt Lake City and the State of Utah are fast dispelling the theory that there are no new frontiers in America.

New industries, plus tremendous expansion of existing industries, mining and agriculture, point the way to a bright future.

Little or none of this could be possible without electric power. And to meet the ever-growing demand, Utah's electrical utility is currently engaged in a \$70,000,000 expansion program with another to follow.

As with many other states, Rome Cable supplies Utah with wire and cable carefully engineered to the applications involved.

And as in many other strategic locations, Rome maintains a completely stocked warehouse in Salt Lake City to provide wholesalers, contractors, industrials and utilities with immediate local service. For more information on why Rome Cable should be *your* supplier, send for the "Story of Rome Cable" today.



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## **MANAGEMENT BRIEFS**



Theodore V. Houser, vice-chairman of Sears, Roebuck & Co.'s board of directors, is scheduled to move up to chairman when Sears holds its annual meeting in New York in April. He'll succeed Gen. Robert E. Wood, who has been either president or chairman since 1928.

Industrial accidents in 1952 were the lowest in the 26 years that the Bureau of Labor Statistics has been keeping records of them. They were 8% lower than the year before—14.3 injuries for each million man-hours work. Lumber and wood products still ranked as most dangerous of manufacturing industries, synthetic fibers the least.

Tape recordings of company information are hooked onto Bridgeport Brass Co.'s dial telephone system. By dialing an interplant number, anyone can learn the latest dope on such things as labor relations, safety, changes in organization. Westinghouse Electric Corp. and Caterpillar Tractor Co. have similar schemes (BW—Nov.18'50,p44).

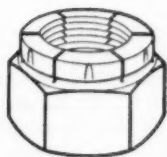
Maxwell House's management organization is being separated completely from the General Foods Corp. parent organization. The division's headquarters already are in Hoboken, N. J., apart from the GF main offices in New York. Now the sales organization is being split apart, too.

Food Machinery & Chemical Corp. and Stanford Research Institute teamed up about a year ago to pull together a course for FMC's employees on American government and economics. Now, the course itself and evaluation of its effectiveness by Stanford researchers is available in book form: The Stanford-Food Machinery American Ideal Course (Stanford University Press, \$10).





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If a sports car swallows a loose nut through the carburetor while turning over at 5800 rpm, you can guess the results.

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FLEXLOC locknuts will stay in place, come Watkins Glen or the bumpiest washed-out detour. They don't even have to be seated. Once the locking

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FLEXLOC locknuts save money, first of all, because they're one piece, all metal—nothing to assemble, come apart, lose or forget. In the second

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Employee Class	Donation per Employee	% of Net Income
Under 50 .....	\$238	2.4%
50-100 .....	58	2.5
100-250 .....	85	2.9
250-500 .....	51	1.4
500-1,000 .....	22	1.4
1,000-5,000 .....	16	1.6
5,000-10,000 .....	18	0.8
10,000-20,000 .....	15	0.5
20,000 and over .....	8	0.7

**. . . and local firms are more ready  
to support special projects . . .**

	Firms operating in Cleveland only that still donate to * . . .	Firms with home offices elsewhere that will donate to * . . .
<b>Building Funds</b>		
Colleges .....	86.2%	68.4%
Hospitals .....	85.7	69.2
Others .....	85.3	76.1
<b>Education</b>		
Local colleges .....	69.7	37.5
Engineering, etc. ....	59.6	40.0
Federated appeals .....	27.4	8.4
<b>Agencies promoting the 'American way' .....</b>	<b>42.8</b>	<b>41.2</b>
<b>Religious agencies .....</b>	<b>36.5</b>	<b>13.1</b>

\* Percent of firms answering that said yes.

## The Thinking behind Charity

The figures above are culled from a survey released this week by the Harvard Business School Club of Cleveland. They are the results of an attempt to pin down from broad cross-sections of the community's industry just what corporations were doing about charitable donations.

• **Trusts**—Among other things, the survey discovered that in the past two years there has been a rapid growth of company-formed charitable foundations or trusts.

According to the survey, at least 40 such foundations are in existence in Cleveland, most of them formed since 1951, when Beardsley Ruml began promoting the idea (BW—Aug. 18 '51, p. 28). Of the companies checked in Cleveland, 15% have established such trust funds to handle most or all of the company contribution work.

The foundation plan, subject to In-

ternal Revenue Service approval, lets a company kick in as much as 5% of its earnings before taxes in any one year. Donations can then be held in the trust fund for distribution later in an orderly fashion. This way, a company gets its charitable donation as a tax deduction, but doesn't have to decide immediately who gets the money. Besides that, a reserve can be maintained in the fund to provide for charitable contributions during lean years.

• **Colleges**—Company practices in Cleveland pretty well match trends that have been noticed in the country as a whole (BW—Jan. 12 '52, p. 66). The survey also brings out some new facts.

For instance, it finds that colleges are getting more support than before. This parallels growth of organized joint appeals, like the one made by the Ohio Foundation of Independent Colleges. Some typical company comments on

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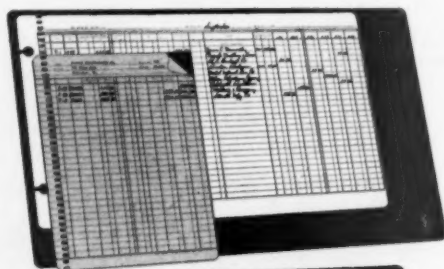
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this development of joint college fund drives:

- "Our single donation seemed larger than if we tried to contribute separately to each college."

- The united appeal fosters the preservation of a valuable concept—independent higher education—because none of the colleges would qualify separately under this company's donation policy.

There were objections, though. They ranged from approval, but with reservations, to outright refusal to use the agency because some Ohio colleges were considered "pink."

- **American System**—A similar difference of opinion was expressed by companies on whether they should donate to agencies promoting "the American way," or free enterprise.

As a class, such groups have won a lot of support from management in recent years; but the Cleveland report finds that management is raising a growing number of questions. Companies feel that (1) there may be too many agencies getting into the act; (2) the effectiveness of such programs is questionable at best; and (3) the movement now has grown so big that it's hard to select worthy organizations.

- **How Much?**—Will the size of contributions made by companies for all types of charitable work stand up in the next few years? That question found most companies reluctant to admit that their increased contributions have been the result of higher taxes. But the report notes that it seems likely many corporations, regardless of what they say, have been influenced by this consideration.

There was not enough evidence to draw a firm conclusion, but clearly any substantial drop in taxes—especially for companies that will benefit by an end to the excess-profits tax next year—will affect many companies' contribution policies.

The survey was financed by grants totaling \$17,000 from the Committee for Economic Development and the Ford Foundation's Fund for Adult Education. The official report will be issued in printed form in late December. Copies will be available from CED at a nominal fee.

In all, 207 companies are included in the survey, out of 491 that were asked to participate. The Harvard Business Club furnished 138 interviewers, who sat down with executives to get answers to the questions. Kenneth Sturges, for 28 years manager of the Cleveland Community Fund, was research director.

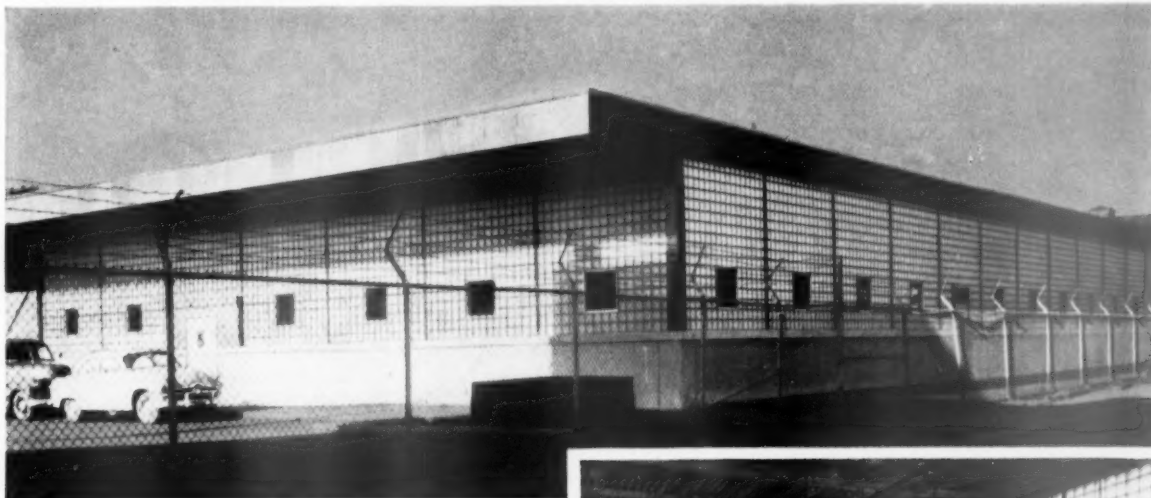
- **Policies**—Besides answers to specific donation questions, the survey puts together general corporate policies:

- A minority of companies budget their contributions.

- Similarly, less than half have

# "Our PC Glass Blocks will pay for themselves in 7 years,"

says **John A. Wilson**, President, New England Butt Company, Providence, Rhode Island



● In 1952, the New England Butt Company put a new addition on their building, but it was *not* the same kind of addition they built in 1940.

The old addition was hard to heat. In fact, Mr. Wilson says, "We were never able to heat the early addition properly on cold, windy days, because there was too much heat loss through the steel sash."

How about the new addition? According to Mr. Wilson, "The heating problem has been solved in the new building, to the point that we figure the PC Glass Blocks will pay for themselves in 7 years. Our employees have plenty of light without glare or drafts. The window maintenance problem has practically vanished."

You can get the same results. On new buildings or old, PC Glass Blocks will cut your heating costs, cut



your window maintenance costs and give better daylighting than you ever thought possible. You get all this, and a better-looking building in the bargain.

Send the coupon for more information.

## Pittsburgh Corning Corporation

PITTSBURGH, PA.

### Here's what you get with PC Glass Blocks

**BETTER DAYLIGHTING**—Functional patterns direct daylight to reflective ceiling, or distribute it uniformly throughout the room. More light, less glare.

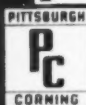
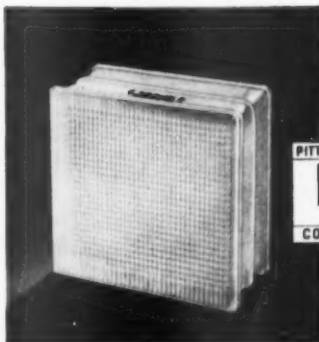
**REDUCED HEATING & COOLING COSTS**—Glass block panels have insulating efficiency of a solid 8-inch masonry wall.

**LOWER WINDOW MAINTENANCE COSTS**—Glass block panels seldom have to be washed. Breakage is rare, and there is nothing to paint.

**NO "EXTRA" EXPENSES**—Unlike conventional windows, panels of PC Functional Glass Blocks seldom if ever need expensive shades, blinds or louvers.

**NO DIRT INFILTRATION**—A glass block panel is an integral part of your building wall. Tight mortar joints seal out moisture, dirt.

**LESS OUTSIDE NOISE**—PC Glass Blocks are hollow. The dead air spaces reduce sound transmission.



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Dept. G-11143, One Gateway Center  
Pittsburgh 22, Pa.

Please send me a free copy of your booklet, "PC Glass Blocks—the Mark of a Modern Building."

- ☐ Send engineer to discuss specific problem.  
☐ Advise nearest source of supply.

Name.....

Title.....

Firm.....

Address.....

City..... Zone..... State.....

# How good is your bookkeeper's memory?



**M**ost bookkeepers have remarkable memories.

But no businessman wants to depend on anyone's *memory* to protect him against the loss he'd face should his accounts-receivable ledgers be destroyed!

This simple test will show you why more and more businesses every day are arranging for Travelers Accounts Receivable insurance.

Just for fun, ask your bookkeeper to jot down in this space (\$.....) the total amount your customers now owe you.

Now ask him to put down here—without peeking at the ledgers—the names of as many charge customers as he can think of and the amounts owed by each.

- 1.....
- 2.....
- 3.....

- 4.....
- 5.....
- 6.....
- 7.....
- 8.....
- 9.....
- 10.....
- 11.....
- 12.....

Real memory experts will need an extra sheet of paper here!

Checking the figures your bookkeeper puts down with the open accounts in your ledgers will show you how much you'd stand to lose if you were unable to mail out bills.

Travelers Accounts Receivable insurance will protect you fully against such a loss. With this insurance, you will be fully reimbursed for the money you are unable to collect because of the destruction of your records by fire, flood, wind-storm, explosion or their loss as a result of theft or burglary.

Ask your Travelers agent or broker to give you full details of Travelers Accounts Receivable insurance and its advantages to your business.

Ask him also about insurance on your legal documents, blueprints, sales records and other valuable papers. These are subject to the same hazards as your building, your stock and your fixtures, and they need adequate protection, too.

If you'd like the name of the Travelers man nearest you, just write.

ALL FORMS OF INSURANCE AND SURETY BONDS



## The Travelers

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40,000 REPRESENTATIVES TO SERVE YOU COAST TO COAST



established contribution committees through which all donation requests pass.

- Eliminated almost routinely from any company donation program are church, fraternal, war veteran, union labor, and political groups.

- Of the 96 companies that told interviewers how much of 1952 net earnings before taxes had gone into contributions, the median percent was 1.5—a long way from the allowable 5%.

## Wrong Approach?

**Management chided for personnel policies . . . Carnegie Tech has new course . . . Industrialists, teachers mix.**

Top management in the past couple of weeks has heard itself taken to task by outsiders—and by some in its own ranks—for its personnel approach.

Last week, Eugene J. Lyons, Merck & Co. personnel vice-president, told a National Assn. of Manufacturers Industrial Relations Institute at White Sulphur Springs, W. Va., that businessmen have been conducting employee relations "on a day-to-day expediency basis." And that, he said, "has resulted in anything but satisfactory employee relations."

The initiative, Lyons says, has been left largely to government and labor unions because of the lack of management planning. Solution: a lot more research to avoid contradictory policies.

- **Errors**—In Philadelphia, the American Management Assn. manufacturing conference was told by Dr. Douglas McGregor, president of Antioch College, that business is confused about human relations. He described a "major error" in management judgment: "The assumption that personnel administration consists largely in dealing with human relations problems." That's looking at the subject as a repair job, instead of a way to prevent the need for repairs.

Another error, according to McGregor, is for line management to delegate to staff personnel the responsibility for good human relations. He believes, for instance, there's lots of evidence piling up to show that costly supervisory training programs haven't achieved their goals in human relations because staff people can't change what is really the object of such training—supervisors' behavior.

Why? Because behavior changes only come through the control of rewards and punishment, and staff trainers don't have that authority. So operating management, despite an added



**"Look, Jerry—now it's just like being right in the stadium!"**

- Clear, sharp television reception will be enjoyed this fall by many more families than ever before—thanks to RCA's new amplifier for TV stations.

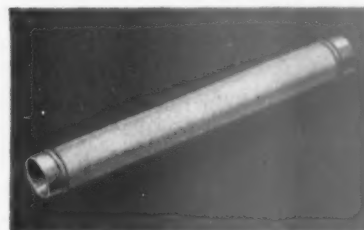
The new conversion equipment will boost the power of 5- or 10-kw transmitters to 25-kw to achieve the higher maximum effective radiated powers now allowed by the FCC. This additional wattage will extend station coverage and make good TV reception possible in a number of fringe or "fuzzy" areas.

To safeguard picture clarity, both the RCA amplifier and rectifier use Ward Leonard non-inductive resistors, shown at the right, to suppress video lead resonances which would otherwise cause distortion in the image.

Whether your product is a complex electronic device like this conversion equipment, or a simple household appliance, it must have electrical controls of lasting accuracy. Just as the engineers who designed the RCA amplifier found, Ward Leonard is able to meet any control or resistor requirement, no matter how simple or complicated it may be. Send for new 64-page resistor Catalog No. 15. Write Ward Leonard Electric Company, 68 South St., Mount Vernon, N. Y.



**THE NEW RCA CONVERSION EQUIPMENT** recently installed by Station WSAZ-TV, in Huntington, West Virginia.



**WARD LEONARD RESISTORS IN CATHODE CIRCUIT** of new RCA amplifier are of the non-inductive RFT type. Ward Leonard resistors are also used in the rectifier unit of this conversion equipment to terminate high voltage leads.

**WARD LEONARD  
ELECTRIC COMPANY**



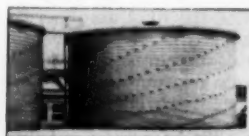
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call on its time, must find a way to do the job itself.

• **Specialists**—Finally, Lee Belcher, director of industrial relations for Pillsbury Mills, Inc., told the NAM meeting that specialists in human relations ought to be added to boards of directors: "A board without an expert in personnel is as unbalanced as a dinner without bread or meat."

## **New Carnegie School**

Carnegie Institute of Technology, Pittsburgh, this week announced a new management training program. Its title: Carnegie Program for Executives.

Starting in 1954, the first course runs from Mar. 8 to May 7. Carnegie Tech has aimed its curriculum at executives below the top level who are being groomed for bigger jobs. The nine-week course will include four general subjects: business policy, human and labor relations, financial and other quantitative controls, and business in the American economy.

Registration is limited to 25 or 30 students representing a geographical cross-section of large and small business. Chiefly, Carnegie Tech will cater to industry where engineering and technology are most important.

The Graduate School of Industrial Administration, started in 1949 on a \$6-million gift from the W. L. and May T. Mellon Foundation (BW—Sep. 17 '49, p. 74), will administer the course. A blue-chip advisory committee that helped plan the curriculum includes Charles Lee Austin, president of Jones & Laughlin Steel Corp.; John L. Collyer, president of B. F. Goodrich Co.; Frank R. Denton, vice-chairman of the Mellon National Bank & Trust Co.; Leland Hazard, vice-president of Pittsburgh Plate Glass Co.; Richard K. Mellon, president of T. Mellon & Sons; Sydney A. Swensrud, president of Gulf Oil Corp.; and Arthur B. VanBuskirk, vice-president of T. Mellon & Sons.

## **Wooing Teachers**

About 150 electrical industry management leaders spent Oct. 30 and 31 meeting with some 600 high school social studies teachers at Rensselaer Polytechnic Institute's third annual Industrial Council.

Top management of companies like Westinghouse, General Electric, Du Mont, Sylvania, Borg-Warner, Allis-Chalmers took part in the panels.

The idea: Unlike teachers in the physical sciences, social studies teachers rarely have contact with industry.

The chief pitch the teachers heard was that there is little to obstruct further major expansion of electrical and allied industries.

# Evansville, Indiana Plays an Important Part in \*“Industrial Fore-Site”

*Basic economic advantages confirm the  
growing potentialities for industrial expansion  
in the Evansville area*



## **WRITE FOR THIS FREE ECONOMIC STUDY OF EVANSVILLE, INDIANA**

For your copy of *Industrial Potentialities of Evansville, Indiana*, write in confidence to: Chief Economist, Chicago & Eastern Illinois Railroad, 332 South Michigan Blvd., Chicago 4, Illinois.

The supply base for most of America's industries lies north of the Ohio River. Evansville, on the Ohio, has the most strategic position for converting these materials to the needs of the region south of the river. Also, as the major manufacturing and transport site nearest America's center of population, Evansville is unexcelled as a nationwide distribution point.

*Industrial Potentialities of Evansville, Indiana*, a factual study of the opportunities in Evansville for plant location, permits comparison of the industrial advantages of Evansville with those of other locations.

The book includes documented information on utilities, mineral resources, transportation, labor, agriculture and warehousing . . . all contributing to the production and distribution opportunities of the Evansville area. It also includes tabulations, by commodities, of the amounts and values of industrial consumption and output. This invaluable information answers many local marketing and supply questions which may determine plant site selection.

\*“Industrial Fore-Site”—A shrewd management quality that gets the jump on competition by choosing plant sites with superior economic advantages.

Your Consulting Engineering Firm will find this information necessary in analyzing Evansville, Indiana, relative to your requirements.

**CHICAGO & EASTERN ILLINOIS RAILROAD**

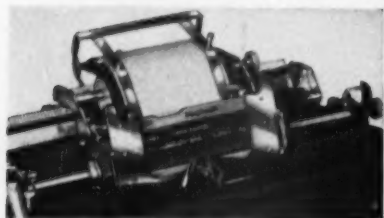




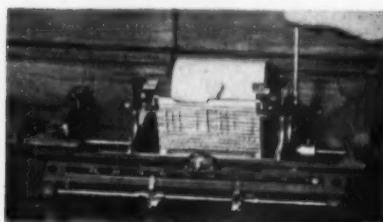
The hundreds of millions of  
**ELLIOTT ADDRESS CARDS**  
that are made and sold each year  
are typewriter stenciled by



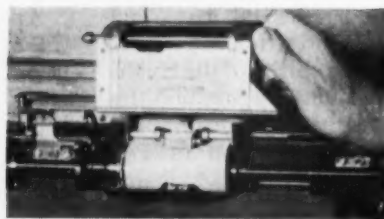
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Correspondence Typewriter*



*Or This Special  
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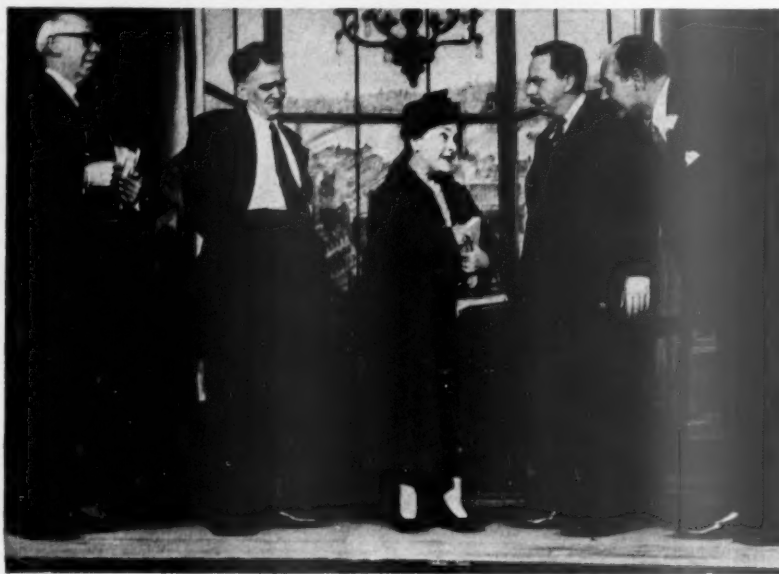
A \$250.00 Rotary Elliott Addressing Machine can address 125 envelopes *per minute* because it automatically feeds your envelopes and other forms.

I. B. M. and Royal have also perfected special Elliott Address stenciling typewriters and six Elliott factories are now making Elliott Addressing Equipment.

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Dept. 1-131 Albany St., Cambridge, Mass.  
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## ENTERTAINMENT



"STOCKHOLDER" Josephine Hull sets a fictitious corporation on end in New York's Belasco Theater, talks herself into a job and wangles a basketful of proxies, as . . .

## Business Gets the Comic Lead

Kaufman-Teichmann play, *The Solid Gold Cadillac*, shows business can be fun—on the stage. It's a change from the old, vitriol-soaked approach.

Howard Teichmann, co-author of this season's satire on business, *The Solid Gold Cadillac*, wrote in the New York Herald Tribune that the idea for the play originated when collaborator George S. Kaufman got a passed-dividend notice from a Philadelphia company. It peeved him.

The result, which opened last week, is an evening of fun at the renovated Belasco Theater in New York, but it isn't likely to (1) damage the reputations of businessmen generally; (2) start a reform movement against Big Business; or (3) set corporation lawyers to changing company bylaws.

The play does make Big Business the butt of some good lines in situations close enough to the truth to be funny to anyone superficially acquainted with running a corporation.

• **What Happens**—Briefly, here is the story:

General Products Corp.—one of the biggest U. S. corporations that makes everything from clocks to locomotives—has had a change of officers. Its former head, played by Loring Smith, is a displaced businessman in the new Administration in Washington holding down an important job.

At the first stockholders meeting after his appointment, a small stockholder (Josephine Hull), who might be described as a mild-mannered Lewis Gilbert, upsets the meeting by demanding to know why the newly elected chairman gets \$175,000 a year salary, and why his three colleagues also got substantial raises when they were promoted.

To quiet her, the four executives adjourn the meeting until a later date, give her a job as director of stockholder relations for want of a better title, and wind up in a fight for control of General Products with the former company head and Miss Hull as adversaries. The rapid denouement makes the play live up to its billing—a fairy tale.

Interspersed are scenes in Loring Smith's Washington office with Miss Hull, a government four-percenter trial, and a satire on television newscasts and the New York press. Fred Allen, an offstage voice, has the job of knitting the plot together between the scenes and the two acts.

• **"Any Resemblance . . ."**—You don't have to be a businessman to enjoy all the situations that Kaufman and Teichmann have put together rather



Heavy discharge from stacks, or the alternative of expensive ash-collecting equipment with costly disposal . . . are problems faced by utility and industrial power plants burning coal.

With the B&W Cyclone Furnace, these problems literally can be melted away. Gone forever is the problem of stack discharge, the need for large ash-collectors, the costly nuisance of handling and getting rid of mountains of dusty, troublesome fly-ash.

For many plants, the low stack discharge with Cyclone Furnace firing will more than satisfy local requirements. Where ash precipitators are needed, they can be simple and inexpensive. Equally important, the ash collected in them can be piped back to the Cyclone and melted to slag. Thus, the fly-ash handling problem is eliminated, and the great economy of *one-point* slag accumulation and disposal is obtained.

Selected to fire some of the world's largest and most efficient boilers—the Cyclone Furnace offers down-the-line operating savings to utility and industrial steam plants. Through simplification of the entire process of coal preparation, combustion, ash segregation, and ash handling, the Cyclone makes possible economies in initial cost, operating labor, fuel consumption, and maintenance.

Cyclone-fired units thrive on a wide range of coals . . . do not bottleneck your plant operations when only poorer grades of coal are available. Cyclones burn crushed, not pulverized coal, and they burn it more completely. The turbulent action of the B&W Cyclone Furnace extracts—with less air—the maximum amount of heat from every bit of fuel, thus reducing both the amount of unburned carbon in the ash and the amount of heat-laden gas escaping up the stack. Cyclones with provision for firing oil and gas as well as coal can be switched from fuel to fuel very quickly without changes to firing equipment.

These are some of the dollars-and-cents benefits being enjoyed by owners of the many Cyclone-Furnace-fired boilers in operation—under a great variety of conditions—in different parts of the country. Based on this intensive, long-range experience, we will be pleased to discuss with you the advantages the Cyclone Furnace offers.



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better things go into it

super refined imported graphite • super refined Bavarian clay • super rare waxes • super pencil craftsmanship by Venus

VENUS  
NO. 2  
MEDIUM

VENUS  
SUPER  
VELVET

that's  
why better  
things come out

- clearer, blacker lines
- smoother, effortless writing
- greater economy—59,000 words
- even texture, no hard spots, no soft spots

**VENUS**  
**super velvet**

Write for sample on your company letterhead  
American Pencil Company, Hoboken, N. J.

disjointedly. For instance, anyone who has been reading the newspapers since Nov. 4, 1952, can guess that the authors also read some items about General Motors Corp., Charles E. Wilson, and the Cabinet—even without the Cadillac in the play's title.

But being a businessman will probably help anyone appreciate both the subtler lines and the broad-stroked caricatures.

• **Chuckles**—There's Miss Hull, for example, taking her \$150-a-week job as director of stockholder relations so seriously that she starts writing homey little letters to some of the 4-million stockholders in places like Pittsfield, Mass., and Hagerstown, Md.

These people, who undoubtedly never got a personal letter in their lives from the corporation they own, are so intrigued by what any executive will recognize as Miss Hull's ingenuousness that she winds up with a basketful of proxies.

The opening scene parodies a stockholders' meeting—the thick annual report that nobody reads or, trying to, can understand; the automatic near-unanimous vote, the consternation when well-laid management plans for an orderly meeting go awry.

• **Broader Strokes**—The play touches other sore spots in Big Business, such as the confusion of corporate bureaucracy. One of the four executives who have preempted control of General Products announces gleefully to his fellow executives that he has put a small competitor, the Apex Electric Clock Co., out of business by "cutting prices 50%." It turns out later, however, that General Products has owned the now-bankrupt company for two years.

The descent of the company's former head on Washington, where he says he has to be honest and finds it hard to get used to, is a takeoff on some of the troubles businessmen have run into since President Eisenhower called them to Washington.

• **Light, and Serious**—Smith's role as the ex-head of General Products chides the ham in every businessman when he recites, for Miss Hull's criticism of his acting ability, Marc Connelly's "Spartacus and the Gladiators."

The hidden ruthlessness in the hale-fellow-well-met personal relations between executives—when the former executive returns only to find his job gone and a reception-room bust of his removed—is the only serious turn.

• **Portent**—It may not be that Solid Gold Cadillac will set a pattern for future Broadway use of business as material, but what is left out of the play could be the basis for another full-length satire—ebullient sales executives, public relations directors, ghost writers for inarticulate businessmen, Wall Street shenanigans, for instance.

On the other hand, this play may

very well be the start of something. In the past, few writers have found anything funny about businessmen. Ordinarily, authors have drawn them vindictively, without any leavening or, for that matter, much understanding.

Recent attempts have dealt more gently with the business of business—like Point of No Return (a banker's life), The Fifth Season (the New York garment district).

Businessmen will find Solid Gold Cadillac a healthy sign, too. Even though they are laughed at, they can be consoled by the fact that the public rarely laughs at something it hates. So, in a way, the Kaufman-Teichmann play marks the end of an era when nobody writing for Broadway would have thought the foibles of business could be funny.

• **Critics' Views**—As a piece of theater, Solid Gold Cadillac won a mixed reception from New York critics—thumbs-down (1); lukewarm (1); "Bravo!" (most). All reviewers liked Josephine Hull and Loring Smith. On net, the critical opinion was good. It practically assures a run long enough for out-of-towners to get a look at the fun.

## Songwriters Try Antitrust Play against Networks

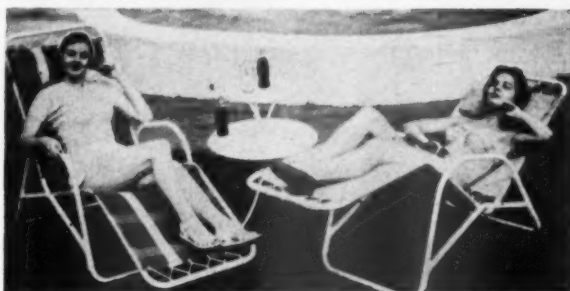
The uneasy peace of the music business was shattered this week by a \$150-million antitrust suit. In a triple-damage action filed in federal court in New York, 33 songwriters charged the nation's top radio and TV companies with a "conspiracy to dominate and control the market for the use and exploitation of musical compositions."

Acting through a new committee called the Songwriters of America, the writers asked the court to order the dissolution of the National Assn. of Radio & Television Broadcasters, the industry trade group, and to break up the "monopolistic music pool" of Broadcast Music, Inc. BMI is the radio-owned licensing agency that competes with the American Society of Composers, Authors & Publishers (ASCAP—Oct. 10 '53, p. 136). The writers charge that BMI music has been given preference on the air, and that their own works have been "boycotted, restricted, and limited."

All of the writers bringing the suit are members of ASCAP although the society itself is not a party to it. For this reason, the trade's first reaction is to look on the action primarily as a pressure move. ASCAP right now is trying to hammer out a new contract with the TV industry. The present pact expires the end of this year, and the report is the networks and stations are holding out for a cut in the contract rates.



# FINISHING



**EYE-CATCHING** Du Pont DULUX Enamels on porch and lawn metal furniture promote showroom sales, stay smart for years.



**DUCO** Penetrating Primer gives lacquer-finished wood furniture added scratch resistance, as right side of test panel shows.



**WHETHER THE WEATHERMAN** brings snow and ice or a scorching summer sun, these step-down transformers will be protected over the

years. They're being sprayed with a heavy-duty DULUX finish scientifically formulated to stand up to outdoor exposure.

## Step-down Transformer That Stays Up for Years

**It takes a rugged finish to keep a transformer looking good after 15 years or more on a telegraph pole. But it is not unusual for Du Pont DULUX enamel to do just that.**

A leading manufacturer of step-down transformers needed a finish that would provide outdoor protection and good looks over a long span of years. So Du Pont chemists developed a special finish formula containing the famous DULUX vehicle—a finish

that takes hard knocks during installation and servicing of the transformers, a finish that resists sudden temperature changes without blistering and cracking, a finish that stays uniform in color year in and year out whether in sun or shade. It has

been an important factor to utility companies in keeping up appearance and keeping maintenance costs down.

This is one of more than 12,000 Du Pont finish formulas now serving industry. If you're seeking a way to cut maintenance costs—or to make a product look better, wear better, sell better—contact the Du Pont sales technician in your area . . . or write E. I. du Pont de Nemours & Co. (Inc.), Finishes Div., Wilmington, Del.

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**Chemically engineered to do the job better.**

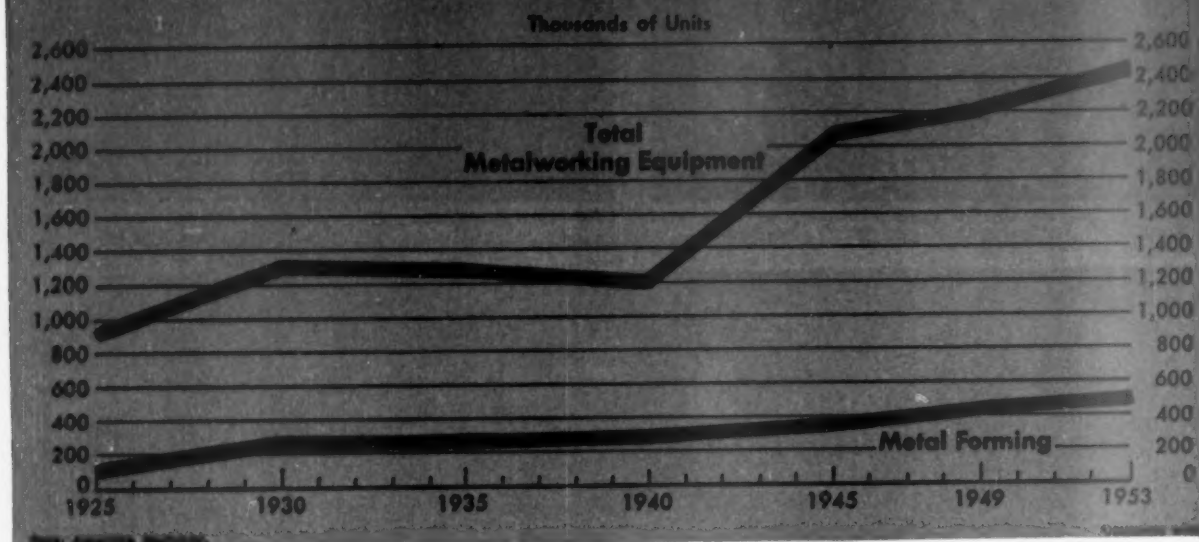
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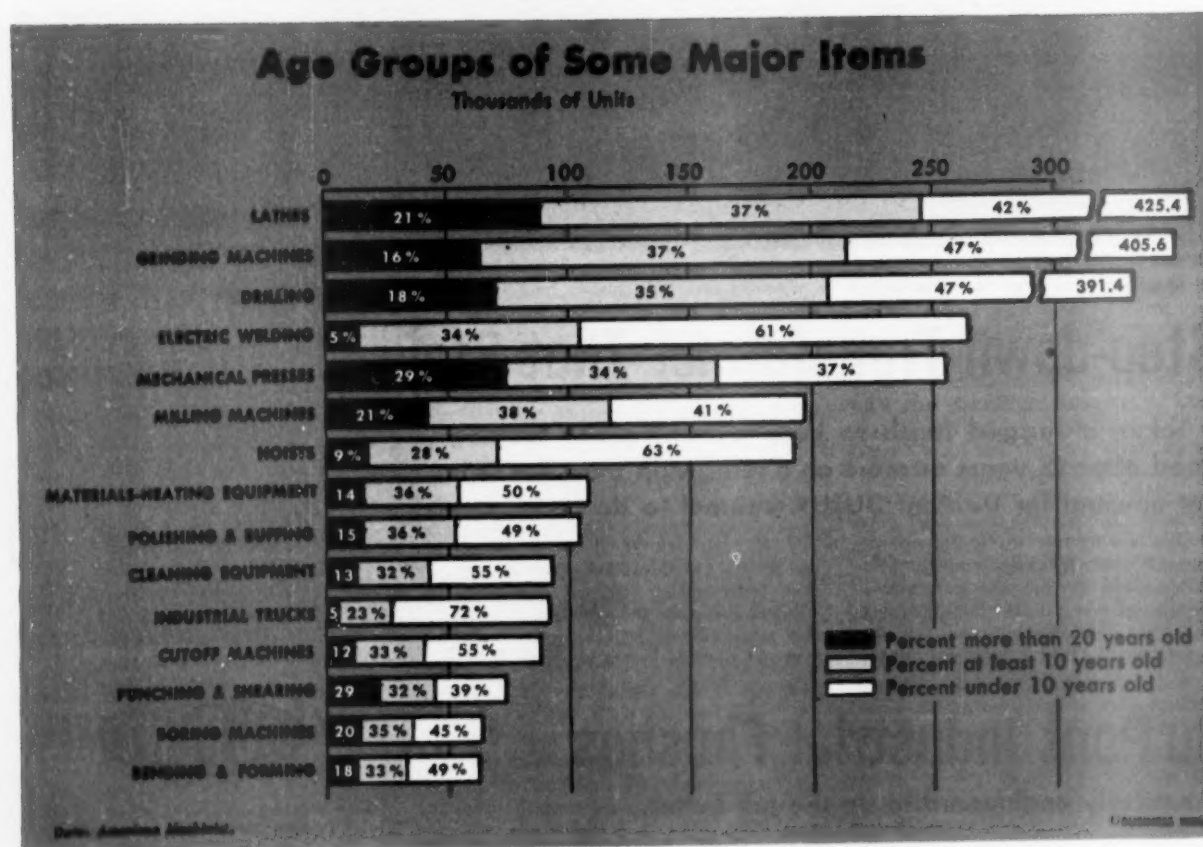
**Better Things for Better Living**  
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# PRODUCTION

There's more metalworking equipment in plants than ever before ...



## Metalworking Takes Stock:



## ... But an increasing percentage is too old

### Machine Tools and Metal-forming Equipment

INVENTORY Year	TOTAL Thousands	10 YEARS OLD AND OLDER		OVER 20 YEARS OLD	
		Thousands	Percent	Thousands	Percent
1925	938	413	44.1	.....	.....
1930	1,346	655	48.6	.....	.....
1935	1,308	866	62.2	.....	.....
1940	1,247	907	72.7	173	13.9
1945	2,101	875	41.6	399	19.0
1949	2,233	1,019	45.6	508	22.8
1953	2,474	1,375	55.6	504	20.4

Data: American Machinist

BUSINESS WEEK

# Modernization Is a Must

Last week BUSINESS WEEK reported that business plans for 1954 called for capital expenditures only slightly below last year's peak—but the emphasis will be on modernizing and replacing equipment rather than on adding new capacity (BW—Nov. 7 '53, p27).

What's behind this shift became clear this week when American Machinist, a McGraw-Hill publication, issued its latest inventory of metalworking production equipment.

The inventory adds up to more than 100 pages of closely packed facts. The highlights:

- Metalworking machinery in the United States today (charts) is at an all-time high: 3,393,563 units.

- But about 56% of America's machine tools and metal-forming equipment is at least 10 years old.

These two sets of figures, taken together, mean: Expansion of capacity has been booming with the defense build-up but is now tapering off as goals are reached—and the opportunity now for machinery makers is in modernizing and replacing older equipment. The survey shows there's been some replacement during the Korean boom, but mostly in the more-than-20-year-old category.

- **How Old Is Old?**—You can't say flatly that any piece of equipment is obsolete simply because it's 10 years

old. But 10 years ago we were in the midst of the wartime boom. Chances are that equipment installed then was run around the clock, likely by inexperienced operators. Actually the problem is greater than the figures indicate. The design of a 10-year-old machine probably dates from 1939 or earlier—for there were few changes in design during the war years.

Obviously, too, a 1943 machine couldn't include the postwar improvements that provide greater power, higher speeds and feeds, automatic cycling, and work handling. Main post-war advances are:

- Faster-operating machines, with resulting greater capacity.

- More automatic and electronic controls, which also boost capacity.

- Replacement of several separate machines in a step-by-step process by a single big transfer machine that automatically moves the part along, positioning it for the next step.

American Machinist adopted the 10-year yardstick with its first inventory in 1925, since a standard was essential even though some equipment wears out faster than others. Over the years, the standard has held up very well. The editors say there are still few machines in their tenth year that are so efficient they cannot profitably be replaced by newer units.

- **High Spots**—Other main points in American Machinist's latest inventory are:

- Modernization needs run right across the board, even though 14 out of 16 industries using metalworking equipment are growing—and have been buying equipment to expand capacity.

- Government ownership of metalworking production equipment is down from the postwar peak.

- In a breakdown of equipment by types, there's more overage equipment in 36 out of 39 categories than ever before.

- The West Coast is the big growth area with more than twice as many machine tools today as in 1949.

The inventory is based on detailed reports from more than 4,000 plants of all sizes in all parts of the country. The 1953 McGraw-Hill Census of Manufacturing Plants indicates that there are 21,518 plants with 20 or more workers in the nation's metalworking industries. American Machinist editors estimate that there were 7,425,379 workers in all of metalworking as of June 30—fewer plants but more employees than in 1949.

- **Across the Board**—One of the survey results that stands out is that the field for modernization spreads through all industries. Even in the industry producing precision mechanisms, which





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*"...there's a hint that automotive growth may be temporary..."*

**METALWORKING** starts on p. 132

turned in the best figure, 45% of equipment now in use is at least 10 years old. The railroad-equipment industry is in the cellar in this respect. Two out of three of the machine tools installed in its manufacturing plants are at least 10 years old, and well over half of its metal-forming equipment is more than 20 years old.

The automobile industry, which was in the cellar in 1949, has made a big comeback, with 171,000 machine tools now in use as compared with 139,000 in 1949. This increase reflects a considerable expansion in capacity and the growing complexity of automobile manufacturing as well as requirements for defense production.

There's a hint, however, that much of the growth may be temporary. Installation of a large number of government-owned machine tools for defense production may account for some of it, as during World War II. The industry grew to a war peak of 244,000 machine tools from 130,000 in 1940, then dropped back to 139,000 in 1949.

• **Location of Equipment**—By far, the major portion of the country's metal working machinery is located in production plants in the metalworking industries, including toolrooms and maintenance operations in these plants. However, nearly half a million machines are located in other industries. And it's estimated that government agencies own about 440,000 machines including both machine tools and metal-forming equipment. This represents 18% of all U. S. production equipment, compared with 13% in 1949 and 33% at the end of World War II.

• **Categories**—Of the nearly 3.4-million units reported, machine tools account for 1,941,612, metal forming for 532,698, other equipment for 919,253. The more-than-10-year-old figure breaks down into about 55% of the machine tools and 58% of the metal-forming units. About 19% of machine tools and 25% of metal-forming units are more than 20 years old.

In all major categories, the percentage of 10-year-old equipment has increased since 1949. The average increase is 12%. Among the major types, the sharpest jump was in broaching machines—from 31% to 50% at least 10 years old. The smallest rise (6%) was shared by planers and shapers, but in these categories roughly three-quarters of the equipment is still overage, and outmoded by developments of the last few years.



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# **SYNTHANE**

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LAMINATED PLASTICS

# Stepping Up Steam Power



**JOSEPH SANTRY** (center), board chairman of Combustion Engineering, Inc., boiler-maker, inspects the controls of the Kearny (N. J.) power station of Public Service Electric & Gas Co. The station's boiler is the latest controlled circulation model, built by CE. It operates at a pressure of 2,350 psi., and a temperature of 1,100F.

Combustion Engineering, Inc., New York City, has literally grown up with the technology of modern steam power. That goes, too, for most of the business life of Joseph V. Santry, CE's chairman of the board (cover, and picture, left).

In 1914, when the firm got started with Santry as its Boston sales agent, Combustion Engineering was a manufacturer of stokers for locomotives. CE later shifted to furnaces and boilers, trying experiments with powdered coal, then a big innovation.

After that, high-pressure boilers got under the company's skin. And right now CE is the second largest and fastest growing producer of boilers for utilities. As a sideline, it turns out several other products—such as packaged boilers for apartments—that work from steam and heat.

When Combustion Engineering first got into the picture 40 years ago, steam was a popular but not-too-efficient kind of power. Most operating costs—such as materials, fuels, and manpower—were low. They were so low that a steam user could afford to convert fuel into heat, and water into steam, without worrying about how much was lost through the wastefulness of boilers and machines.

But those carefree days were numbered. Over the years, all kinds of costs have skyrocketed in steam production. The resulting squeeze brought two important changes:

- To hold down their costs, a few traditional steam users switched to cheaper methods. The railroads, and ship operators on inland waterways, for example, turned to oil-burning diesel engines.

- Those that stuck with steam—including its biggest user, electric utilities—put on the pressure for steam improvements. Today the electric utilities make steam work economically. The big reason: engineering strides in the machinery that makes electric power—advances that trace back to manufacturers such as Combustion Engineering.

- **Key Strides**—Basically, there have been three major engineering developments:

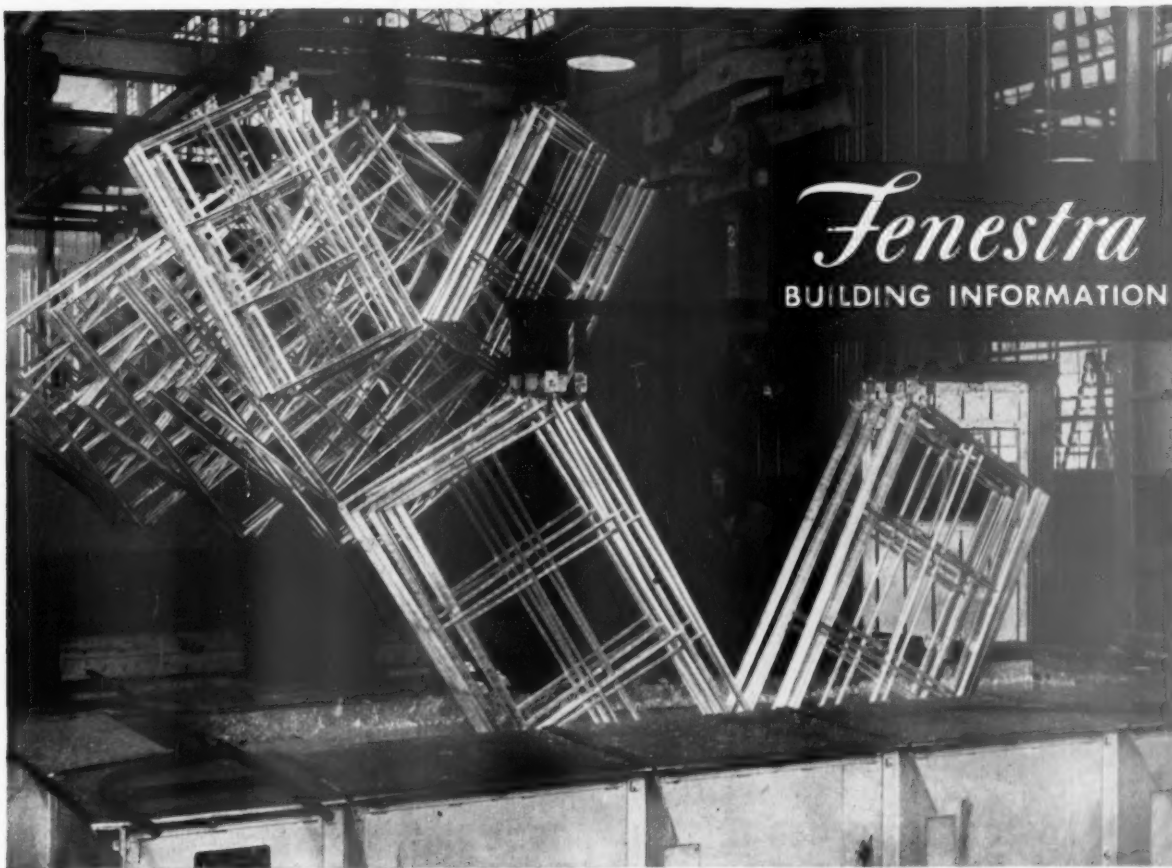
- Increased capacities of the equipment have helped meet the demand for more electric power.

- Higher pressure in steam power, now passing the mark called "critical pressure," has made steam a more useful work force.

- Greater efficiency in the machine has cut the fuel consumption, boosted the electric power output.

- **New Demands**—Behind these developments was a big challenge for





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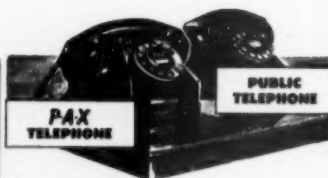
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boiler manufacturers: how to get more steam power from less fuel. To understand it, you have to look at the underlying engineering and marketing facts.

In a generating station, there are three types of machinery: boilers, turbines, and electric generators. The boilers supply the steam that drives the turbines, which in turn drive the generators.

The turbines are gluttons for steam. Their efficiency goes up and cost of operation drops as the steam pressure and temperature rise. So the job of the boilermakers has been to design and make units that can produce high-pressure steam, and at the same time hold the fuel costs down.

Along with the drive to cut costs, manufacturers lately have also felt the demand for more electric capacity. Each year, the power output of new generating stations keeps climbing, and the older stations are modernizing or expanding. At the manufacturer's level, that calls for bigger and bigger boilers. The experts feel that by 1965 U.S. annual consumption will hit a peak of 1-trillion kwh. Last year, Santry says, CE got orders for boilers that averaged 135,000-kw. capacity. Now it is building models that have capacities of 250,000 kw. And it is looking to boilers that will be rated between 300,000 kw. and 500,000 kw.

Combustion Engineering has been able to get more steam power from less fuel by changing the physical construction of its boilers. The changes haven't been fast or easy ones. The growth in design has taken over three decades, has seen three different kinds of boilers adopted by the industry.

• **Two to One**—Early boilers, those of the 1900 vintage, were actually two-piece units. A separate furnace created the heat for the boiler. But that separation cut efficiency. The heat lost much of its pep as it traveled from one to the other. So CE took the next logical step: It designed a unit that had the boiler built around the furnace as a one-piece job. CE's engineers simply welded together the boiler tubes that hold the water and steam to form a wall, and wrapped the wall right around the furnace.

• **Controlling Circulation**—The one-piece model was one of the several practical advancements toward modern high-pressure steam. Another forerunner was an improved method of feeding water into the boiler tubes. Old-time low-pressure boilers used what engineers call natural circulation—the kind that you have in the radiators of your home hot-water heating system. As heated water expands and rises to the top of the boiler, fresh water is fed into the branch-like network of tubes.

CE's development in water feeding is called controlled circulation. Instead of

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depending upon the natural characteristics of heated water, CE uses pumps and control devices to push water through a boiler's maze of tubes. The flow in each tube is carefully regulated, and all tubes carry the same amount of water. That way, more water is turned into more steam inside the boiler. Moreover, the tubes are smaller than those for natural circulation. So more of them are crammed into the same area, allowing a greater heating surface.

The idea of controlled circulation got its shakedown about 1940 at the Somerset Station of Montaup Electric Co. Under the direction of Stone & Webster Engineering Corp., Montaup installed a boiler that operated at 2,000 lb. psi. Since then, Combustion Engineering has been busy ringing up the register with orders for its boiler. It has built 40 of them with a total generating capacity of over 6-million kw. Pressurewise, the latest installation has been a record breaker: Public Service Electric & Gas Co.'s Kearny (N. J.) station "lighted off" a boiler that produces at 2,350 lb. psi., 1,100F. Another of the same type is in the works.

• **Critical-pressure Challenge**—But it seemed the boilermakers no sooner got the high-pressure units under their belt than they started working their way toward the next big technical jump—designing boilers for operation beyond the "critical pressure" of about 3,200 lb. psi. Beyond that pressure, water turns directly into steam—or vaporizes—without any in-between bubbling action such as you see when water reaches the boiling point on a stove. The term "critical" is simply the engineer's way of pegging the point where water vaporizes. The big problem is supplying enough water to the boiler so that the water doesn't completely evaporate as it's vaporizing into steam.

To keep up with this new development, Combustion Engineering recently signed a license agreement with Sulzer Bros., Ltd., Winterthur, Switzerland, a specialist in the high-pressure field. In the U. S., the firm will manufacture and market Sulzer's Monotube steam generating systems, which use a method that will help CE over the critical-pressure hump.

• **The Monotube**—In construction, the Monotube idea is exactly what its name implies. The boiler will be one long length of tubing, possibly a huge tube coiled into a solid wall. Water is pumped into one end of the tube; steam comes out at the other end.

Chances are that CE won't be the only boilermaker to latch onto the single tube setup to nose ahead in the critical-pressure field. In fact, for the time being, Babcock & Wilcox Co. has an edge in the new field. B&W recently copped a contract from American Gas & Electric Co. for a boiler



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that will operate at 4,500 psi., and 1,150F. General Electric Co. will build the steam turbine and generator that will hook up with the boiler. The whole works will go into the Philo plant (Zanesville, Ohio) of Ohio Power Co., an AGE subsidiary.

Better boiler construction hasn't been the only reason that operators have been able to squeeze more power from the Btus that they burn. The manufacturers have also built some accessory-type improvements into their boilers, which have helped boost the over-all efficiency. One big cost cutter is provision for fuel flexibility. A modern boiler can burn either powdered coal, natural gas or oil, or all at the same time. That way, an operator can take advantage of market conditions, and buy the cheapest fuel available. Another development is reheater boilers. The spent steam that's gone through a turbine is sent back to the boiler, reheated, and used over once more.

• **Costs Cut**—Over the past 30 years, Combustion Engineering has been one of the key forces in the developments that have cut fuel costs by better than half. In 1923, a power station had to burn about 2.4 lb. of coal, oil, or gas to produce one kwh. of electricity. Last year, that ratio dropped to 1.1 lb. And right now the more efficient new plants have it down to around  $\frac{1}{3}$  lb.

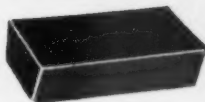
## PRODUCTION BRIEFS

**Hydra-Matic transmissions** began coming off the production line at Willow Run last week, 12 weeks after fire destroyed the General Motors plant at Livonia, Mich. Since the middle of last month, GM has been assembling Hydra-Matics at an old plant on Riepele St. in Detroit (BW—Oct. 24 '53, p. 28).

• **Largest rolling unit** ever constructed for magnesium, an 84-in. reversing breakdown coil mill, has been installed at the Madison (Ill.) division of Dow Chemical Co. The mill produces hot-rolled plate 6 ft. wide and up to 60 ft. long from 2,000 lb. rolling ingots. All previous production has been on hand mills beginning with ingots weighing up to 350 lb.

• **Zirconium** and zirconium alloys will be produced by Firth Sterling, Inc., for general industrial use by the end of the year. The company is installing vacuum melting furnaces with an annual capacity of 360,000 lb. at its Trafford (Pa.) plant. The announcement says the step is being taken without the support of any government agency and production will not be committed under any government contract.

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## NEW PRODUCTS



## A New Line Hits the Road

An exhibit trailer rolled out of General Electric Co. headquarters in Schenectady this week laden with all of the company's latest testing and control instruments. Destination: more than 250 stops in key industrial areas in the next year.

Most of the instruments are brand-new. A few are redesigned versions of older equipment, introduced in the last

six months. The instruments range from atomic radiation measuring equipment to a leak detector with "the keenest nose in industry." Almost all of the 40 instruments on display are already in commercial production. Instrument specialists will conduct the tour.

• Source: General Electric Co., Meter & Instrument Dept., Schenectady 5, N. Y.



## Tier a Toter

A smaller version of the NesTier materials handling system has come along for use on the production line or at assembly benches. These small-parts tote boxes can be tiered to about 6 ft. without buckling. Contents are easy to check at a glance through the angled openings at the sides. Each box weighs 3 lb., measures 12 in. long by 7 1/4 in. wide by 4 1/4 in. deep.

• Source: Charles Wm. Doepke Mfg. Co., Rossmyrne, Ohio.



## Glass-lined Coat

This winter a new interlining, said to be the warmest for its weight ever developed, will appear in women's and men's coats and in children's outerwear. It consists of a thin layer of lightweight Fiberglas with a fabric facing. Body heat is trapped in millions of microscopic air pockets formed by the intertwining of filaments.

• Source: Owens-Corning Fiberglas Corp., 16 E. 56th St., New York 22, N. Y.

## NEW PRODUCTS BRIEFS

The textile industry now has an instrument for evaluating quickly the combination of properties known as "hand" or draping quality. An electric strain gauge detects the differences that make up the final result, and an electric meter indicates the numerical value of the test. Handle-O-Meter is distributed by Thwing-Albert Instrument Co., Penn St. & Pulaski Ave., Philadelphia 44, Pa.

A hand truck for moving appliances such as refrigerators and deep freeze units up and down stairs more easily has been announced by Nutting Truck & Caster Co., Faribault, Minn. Key features are the stair glides, rubberized V belts, which help the truck up and down steps.

A chemically inert compound for sealing pipe threads (both metallic and plastic) is offered by Eco Engineering Co., 12 New York Ave., Newark, N. J. The compound has a base of du Pont Teflon, a plastic material that sticks to practically nothing. This characteristic of Teflon makes it possible to produce a seal against fluids or gases under pressure, yet permits the joints to be broken easily when necessary.

A fruit spoon designed to eliminate the squirt in grapefruit is being offered by Hu-Ald Mfg. Co., 252 Boylston St., Boston 16, Mass. Executed in silver plate by Wm. Rogers Co., the new spoon has nine small teeth cut into the tip.

Audigage flaw detector is a new device put into operation by the Pennsylvania RR that may shove the traditional track walker out of the picture. An operator slides the new long-handled detector unit along the top of rail joints. A steady high-pitched tone in the operator's earphones drops to a growl when the device passes over an imperfection.

Lab-Metal is a no-heat solder for do-it-yourself household repairs. Applied with a putty knife, it hardens to form a permanent bond to metal, wood, plaster, glass, or plastic. It's produced by Alvin Products, Inc., 20-22 Houghton St., Worcester 4, Mass.

Interplanetary travel looks like a big item for the small fry this Christmas. A space ship, powered by carbon dioxide soda charger cylinders, is sold by Engineered Products Co., Main & Gay St., Philadelphia 27, Pa. It stands 1 ft. high, blasts off with a vapor trail, travels up to 250 ft.

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**INDEPENDENTS** are producing an increasing share (circled) of Hollywood pictures.



**MAJOR STUDIOS** are concentrating on huge shows like *The Robe* as Hollywood takes...

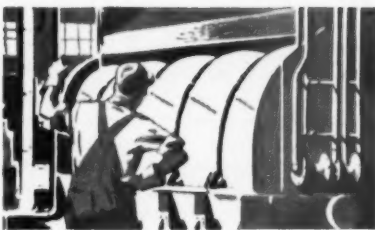
When the federal courts, in 1946, forced a divorce of the movie producers from the theaters that showed their wares, they probably did not foresee that one end product would be *The Robe*, now gaudily pulling in the customers for the ninth week on Broadway at \$3 weekend tops.

But, with allowance for oversimplification, it is fair to say that the producer-exhibitor divorce led straight to the present trend in movie making—fewer productions, but huger ones, more expensive, and of higher quality. The divorce also started another major Hollywood trend: the increasing share of top pictures produced by independ-

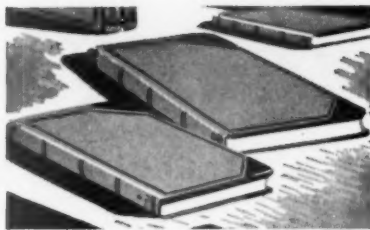
ents rather than by the larger studios.

• **Money-maker**—The Robe is a bellwether in the move toward bigger, more impressive productions. It cost Twentieth Century-Fox \$4.5-million to make the CinemaScope historico-religious pageant, but sober optimists in the trade are talking of a \$30-million return. With less restraint, distribution boss Al Lichtman mentions \$40-million to \$45-million, while Charles Skouras horns in with a vaulting \$75-million.

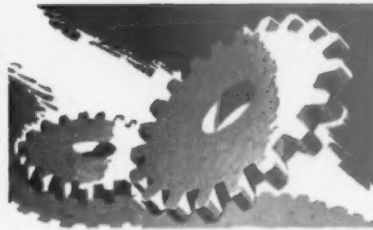
It's certain, though, that *The Robe* will make a lot of money. So will a handful of other as yet unidentified big, expensive pictures. In the movies, as in the Broadway theater (BW—Jul.4'53,



Filter cloth used in continuous-operation processing of chemicals, as in rotary leaf vacuum filters, requires porosity, chemical resistance, and durability.

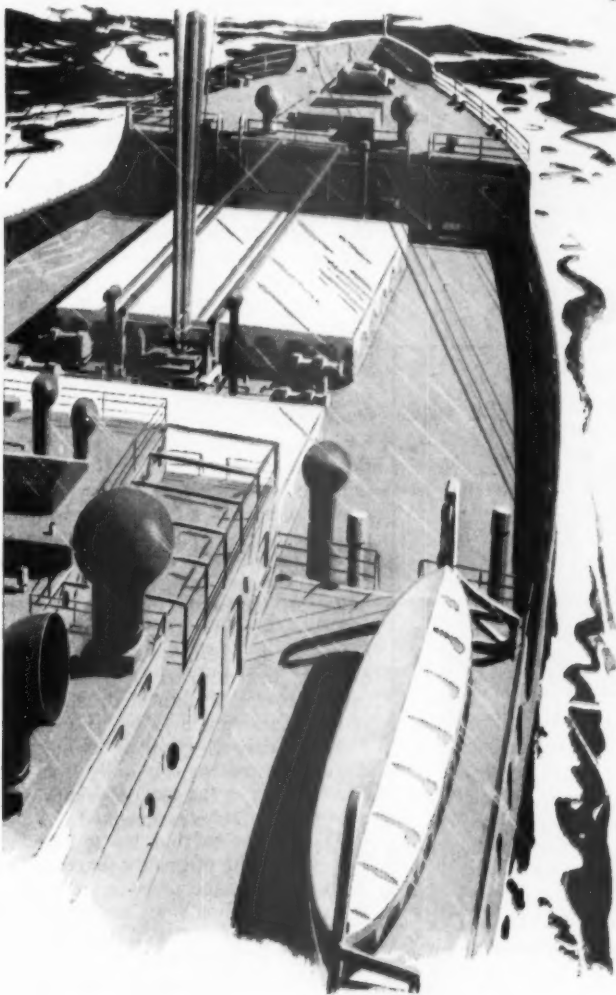


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To equip units 5 and 6 at Pickwick Landing, International Steel contracted to furnish the Trash Racks. 36 welded steel assemblies were supplied. Half of these were 20 feet square and weighed 8 tons each. The total shipment amounted to 252 tons.

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**INTERNATIONAL STEEL COMPANY**

p32), moderate hits or just-get-by shows are becoming scarcer, but big hits are getting bigger and richer. In 1948, the top film gross was *Road to Rio's* \$4.5-million. Last year, four pictures beat that: *Greatest Show on Earth*, \$12-million; *Quo Vadis*, \$10.5-million; *Ivanhoe*, \$7-million; *Snows of Kilimanjaro*, \$6.5-million. All these figures are unofficial but informed estimates.

Hollywood is not merely stressing quality these days; it is also cutting down sharply on the quantity of productions. In the last quarter of 1952, there were 102 feature productions released. Schedules for last quarter 1953 call for only 69.

• **Enter Merit**—The divorce of producing and exhibiting gave this trend its big impetus. Before that, block-booking and intercompany arrangements assured that even the sorriest B picture would be shown. Now films are in effect auctioned off to exhibitors; merit brings reward.

Quality got another boost in 1947 when Britain slapped a massive tax on U.S. pictures, depriving Hollywood of the lush export gravy that had always made its fiscal fare taste good. With the sure-shot profits gone, it became increasingly important not to fool around with marginal films.

The advent of television speeded the process. Set owners, millions of them, were not going to pay to see mediocre films; they could watch similar entertainment at home for nothing. Certainly TV played a solid part in the movie attendance drop from 1.5-billion in 1946, to just over 1-billion last year.

The final shove came last year with CinemaScope, Cinerama, and assorted 3-D capturing public interest.

• **Talent Scarcity**—Under this cumulative impetus, the move to quality from quantity picked up speed. The individual artist—star or director or what have you—became much more important. The top-drawer people commanded bigger pay and, paradoxically, they became scarcer as the total of pictures requiring their services declined.

The answer to that lay in the fact that the upping of quality squeezed out the so-so stars, the pretty good writers, the adequate directors. In the days of proliferating B pictures, the industry had made no serious effort to insure a continuing and adequate supply of the really good artists. The mediocrities were quite good enough then, but they won't do now.

Moreover, with raised standards, it has been necessary to give the really talented people more time to do their stuff. A star could not dash through a flock of roles in a given time; she had to concentrate on one. So it went, all down the production line.

• **The Independents**—Thus the big producers found themselves with a



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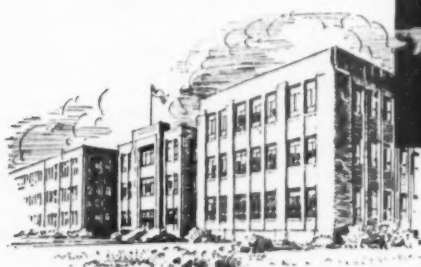
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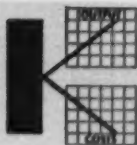
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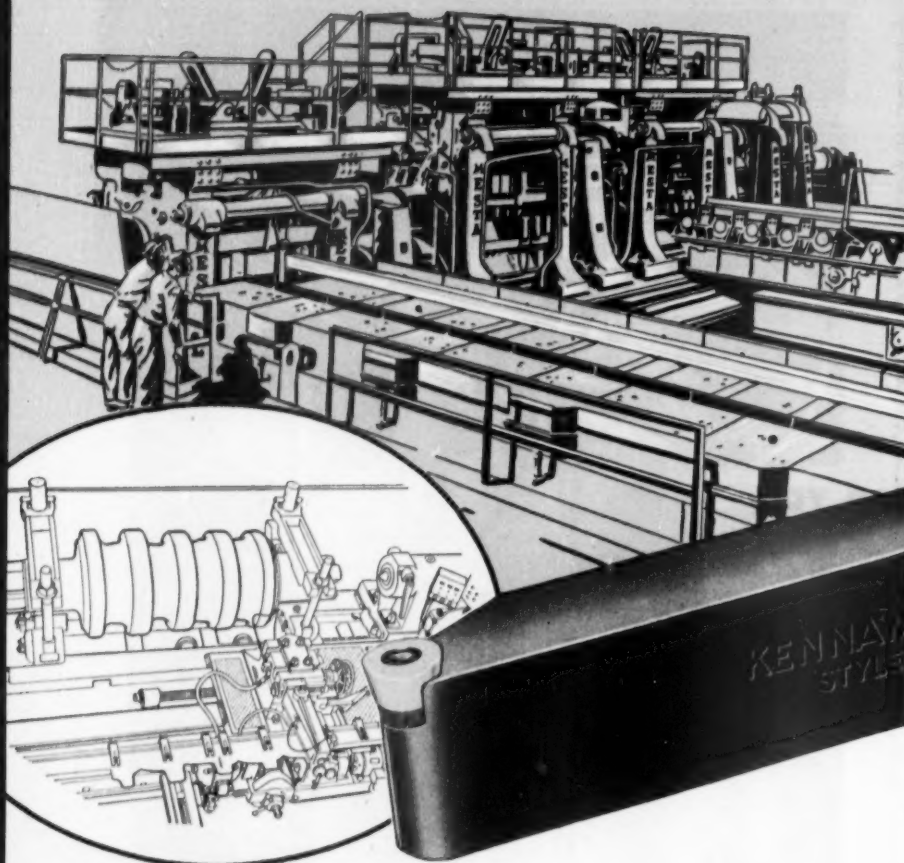
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shortage of suitable personnel, even to meet their greatly reduced schedules. As one way to ease the strain, many of them turned to the independent producers, farming out part of their programs. Warner Bros. Pictures, which has been working with independents for some years, will this year have six of its 14 films produced by them. About half of Paramount's 18 will be handled the same way. Republic has just hopped onto the bandwagon, too.

The independent occupies a unique position in the industry. In his purest form, he is completely independent—picking his own material, lining up his own production company, arranging his own financing, renting studio facilities, and above all reaping the profit—or bearing the loss—of his production. Contrast this with the studio producer, a company employee who is handed a story, kibitzed on by his bosses as he wrestles with the job, and very likely overruled in major decisions. But if the show is a turkey, he still gets paid.

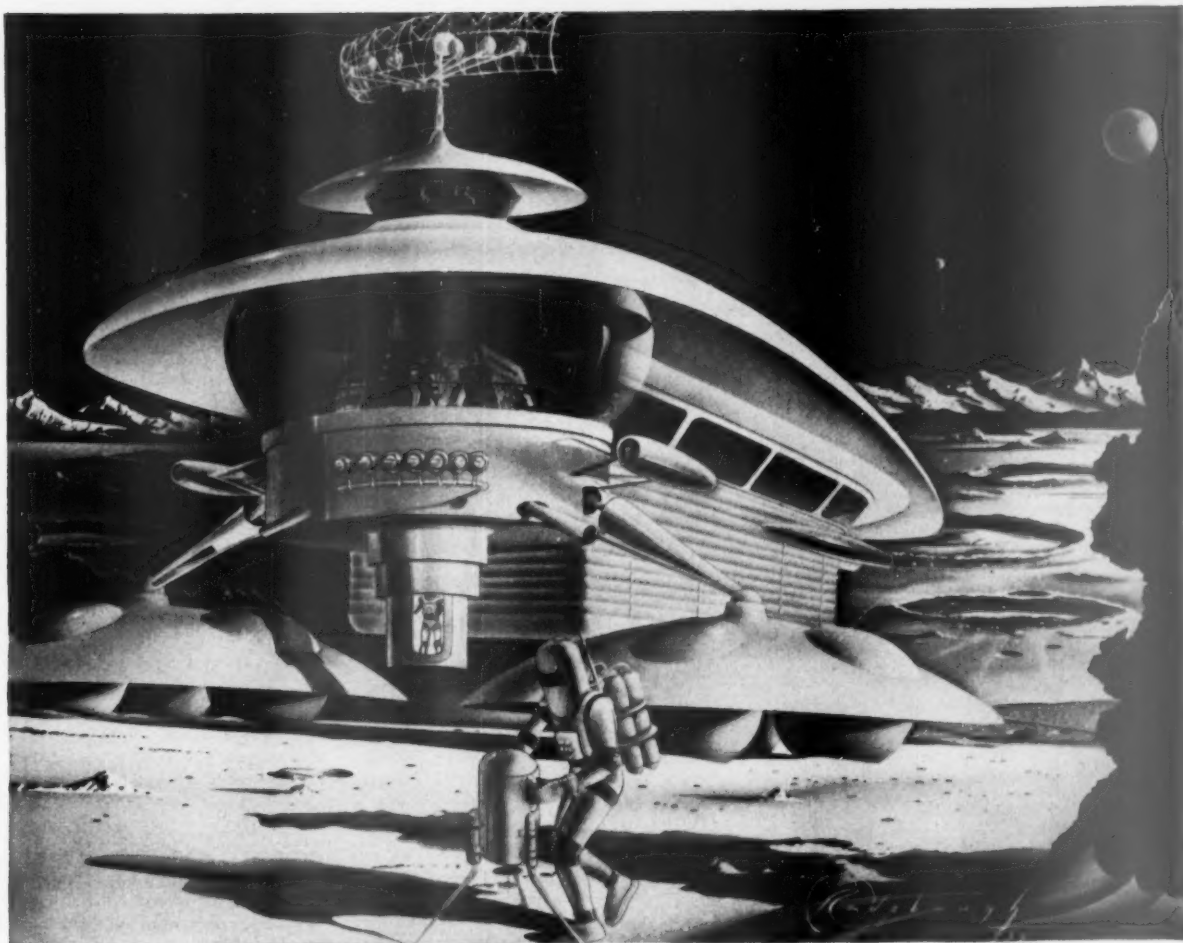
The Society of Independent Motion Picture Producers has 40 members. These show many gradations in the degree of their real independence, and they fall into two major types:

**Low budget producers**, who are currently busying themselves turning out modest films to fill the neighborhood-theater gap left by the reduction in big studio schedules. Some are even being financed by exhibitors, as was urged last week by Leonard Goldenson, president of American Broadcasting-Paramount Theaters, Inc. The trade says this business looks good for a couple of years, but then is likely to dry up.

**High budget producers**, who compete with the big studios for story material and stars, and who turn out strictly big-league pictures. Top independents like Sam Goldwyn and David O. Selznick are as famous as the studios themselves.

Today, the independents can buck the major companies on just about anything except mammoth films costing over \$3-million, and on excessively expensive story purchases. Getting studio facilities is no problem. Hollywood has facilities that are regularly available for rental, and most of the major companies are glad to lease out studio capacity that is idle because of reduced schedules.

• **Case History**—You can get a good idea of the operations of an upper-bracket independent from Milton Sperling. In Hollywood since 1933, Sperling set up his own U.S. Pictures in 1946, after a stint in the Marines. So far he has made 10 pictures, and is cutting down from two a year to one. Cost of his films has averaged between \$1-million and \$1.5-million. Their average gross has run around \$3-million, of which a relatively modest amount is net, split 50-50 with Warner Brothers, which distributes his pictures. The rule



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**"... one flop in 10 tries will wreck an independent . . ."**

**BIGGER MOVIES** starts on p. 146

of thumb is that one flop in 10 tries will wreck an independent.

Sperling says he's cutting down productions because of the scarcity of suitable material and stars, but he hopes to make as much money from one film as he used to from two.

His permanent staff consists of a secretary and an accountant; his office is a four-room bungalow on the Warner lot. He builds up the real production staff after he has picked a story. He says that picking a story is the real test: "This is where you succeed or fail."

• **Getting a Cast**—Next comes grinding out a script. Sperling says that used to be easy, but audiences are getting more finicky.

With the script in hand, he jumps on the merry-go-round hunt for talent, calling actors' agents, sometimes even landing the performer he wants. If the talent runs too thin, Sperling says its better to shelve the whole project.

If he does get an adequate cast, he picks a director with equal care. Then comes budget time: If the independent is working with a big studio, the company will handle the chore.

Financing can be complicated. Some may come from a studio, some from a bank. Artists are often asked to take deferred salaries, to be paid out of profits. Others—and this is increasingly popular—want participation shares; that's because the stars, just like the producer, are happy to escape from personal income tax to capital gains tax.

A typical budget total is likely to end up one-third from the bank, one-third the producer's ownership share, and one-third deferred payments and just plain padding.

• **Last Man In**—When the picture is finished and the money starts to roll in, the producer is last man at the trough. The bank, the studio, the stars, and any other borrowings are all paid off first. But the producer, if his judgment was good, will end up with a nice profit.

He has a good many advantages over the big companies. Smaller overhead is notable, so is the fact that with unified command he also has a more unified artistic approach to the picture. And his personnel, when they share in the profits, are closer to the old college try than when they are on straight salary. Both producer and associates profit by capital gains, and by spreading income over several years. On the other hand, the excess profits tax hurts them—at least for now.

Above all, if he is wholly independent, he does not have to make a picture because someone's brother-in-law



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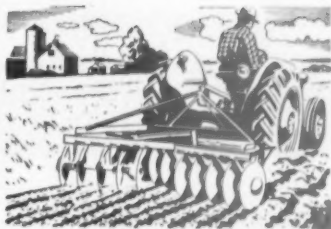
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Q 1939

liked a book. If he doesn't like a story, he sits it out. Indeed, even the semi-independent, partly under studio thumb, still possesses a freedom that the salaried producer can only dream of wistfully.



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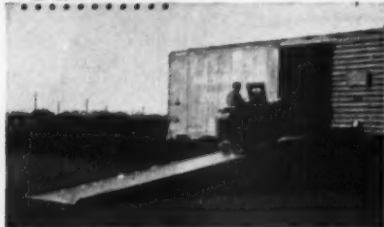


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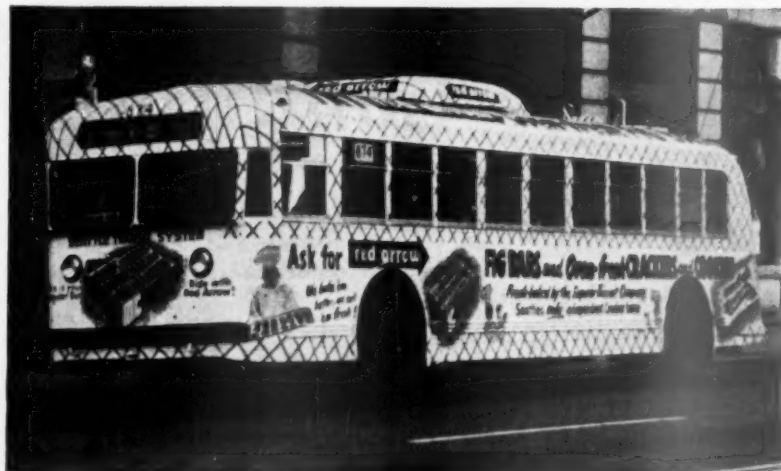
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## Buses Double as Rolling Billboards ...



## ...To Help Seattle's Transit Budget

**SEATTLE**—Earlier this year, Seattle's publicly owned transit system boosted fares to 20¢ a ride, three for 50¢. But it's still having a battle to stay in the black. Last month the Transit Commission took a front-page ad in the morning paper to remind the public that "the commission has the twofold job of providing adequate service . . . and maintaining the system on a sound financial basis." Its solution to the second job: Sell advertising space on the outside of the buses. So far it has sold the idea to a seafood restaurant and a bakery (pictures) and several other advertisers. Charge is \$500 per bus per month, plus painting and repainting charges, which come to about \$700. Contracts are for a minimum of three months.

The commission has set 10 buses aside for traveling ads—which means \$5,000 a month, or \$60,000 a year. If the idea really takes hold, the commission has no objection to expanding the number. "A hundred buses," say Willard Maxwell, Seattle banker who's chairman of the commission, "would mean \$50,000 a month more revenue to the system—and we need it badly."

## Unsnarling the Loop

**CHICAGO**—In an effort to smooth out snarled traffic in Chicago's Loop, a city council committee has submitted to truck owners and operators a new plan to regulate truck traffic in the Loop.

Trucks larger than 25 ft. in length,

7.3 ft. wide, or 10 ft. high would be barred from the area encompassing the Loop and the business district between the Chicago River on the north and west, Lake Michigan on the east, and Van Buren Street on the south. Curb-side loading and unloading of smaller trucks would be permitted only between 10 a.m. and 4 p.m. and between 6 p.m. and 8 a.m.

The council committee urges that deliveries be made at night, which truckers and consignees say would raise costs too high. But, the council argues, truckers already suffer indirect losses at least as great through wasted time of drivers and equipment in traffic congestion.

## In Quest of Bargains

**OTTAWA**—For several years, prices of such things as clothing, appliances, and toys have been higher here than across the border in the United States. And for several years citizens of Ottawa have driven the 62 mi. to Ogdensburg, N. Y., or the 110 mi. to Watertown, which is twice as big and has a larger and more varied shopping center, to take advantage of the lower prices. Ottawa retailers haven't liked it, but there wasn't much they could do about it.

Last week they really lost their tempers. Cause of their anger was the fact that the current issue of the newsletter of the Civil Servants Recreational Assn.—an important group in this capital city—ran a news item plus three pages of ads from Watertown merchants on a special sale in Watertown from Nov. 13 through 15. And the association is handling distribution of tickets for special Watertown excursion buses, to boot.

The Ottawa Board of Trade said the association's actions were "regrettable." The editor of the newsletter said the only reason he accepted the Watertown ads was that Ottawa merchants weren't buying enough space in his paper. The Watertown Chamber of Commerce said the only reason the ads were placed in the newsletter was that the regular Ottawa newspapers had refused to take them.

## Nor Prison Bars a Cage

**DETROIT**—Get a large group of Americans together, throw in their midst an auto salesman, and . . .

Robert Wilkins, a salesman for Hanson Chevrolet, of this city, was captured in 1951 while serving with the Army in Korea. While in prison camp he took several hundred orders for new cars from his fellow prisoners, which was one way to relieve the dull days of imprisonment. But just before his release two months ago the Communists



...Mark of PROGRESS in Railroading



## It's new—all yard and a mile long!

**H**ERE at Hornell, N. Y. is Erie's newly completed westbound freight classification yard . . . a full mile long and 16 tracks wide. This is another one of Erie's many investments in better service for shippers.

With plenty of room in the yard to do a more efficient job, freight cars are switched quickly and grouped into trains according to their destination. Thus time is saved on fast freight shipments, insuring greater dependability to meet shippers' needs in bringing

you the things you eat, wear and use.

The Erie, now a completely diesel-powered railroad, is going ahead with other improvements in its forward-looking program of progressive railroading—all designed for the single purpose of giving the best in rail transportation to keep pace with growing America.

Shippers who want fast, dependable service always say "ROUTE IT ERIE!"

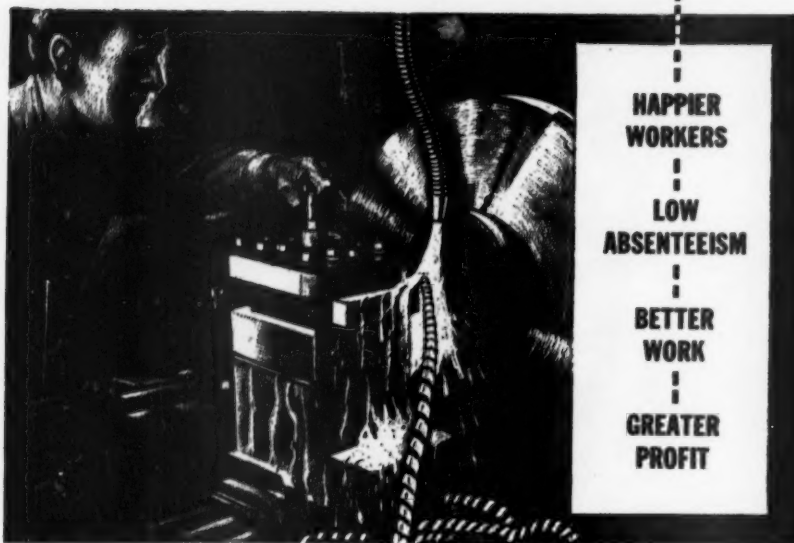
# Erie Railroad

Serving the Heart of Industrial America





# A Clean Shop means this to you



HAPPIER  
WORKERS  
:  
LOW  
ABSENTEEISM  
:  
BETTER  
WORK  
:  
GREATER  
PROFIT

A clean shop is a pleasant place to work. Morale is high because there's no smoke, foul odors, dirty machines or greasy floors. Workers can feel more like craftsmen and produce better work at a lower cost to you.

## *Lusol gives you a clean shop*

Start with a clean machine. Use Winsor Machine Cleaner to purge sludge, bacteria and grime from machines and coolant system. Then keep machines and system clean and clean smelling by installing Lusol, the all-chemical coolant that cleans as it cools. Lusol contains no petroleum oil to burn or smoke. It won't irritate skin like oil coolants—workers even wash their hands safely in Lusol.

In shops where it has been installed, Lusol is credited with production increases ranging from 50% to 500%.

★ ★ ★

Write for *Lusol Gets to the Point*, a booklet describing Lusol, what it does and how it works in all types of machines in hundreds of machine shops. F. E. Anderson Oil Company, Inc., Box 222, Portland, Connecticut.



ALL-CHEMICAL  
METAL WORKING  
SOLUTION

confiscated his entire list of prospects.

After being returned to this country, Wilkins was hospitalized in St. Albans, N. Y. He obtained a list of all repatriated prisoners from the New York Times and sent out 3,500 copies of a mimeographed form letter. The letter not only served to remind former prisoners of his salesmanship, but also intrigued many who never knew him.

By last week, Wilkins was back at work for Hanson—with orders for new Chevrolets from all over the country.

## Uproar over Smog

**LOS ANGELES**—The citizenry here has had its dander up over smog before, but never so much as in the past week.

Every day, four of the city's five newspapers bannered every smog development, giving more space than the Korean war ever got. Headlines screamed: "Smog Illness Fells Workers," "Pilots Given Special Instructions to Fly through Smog."

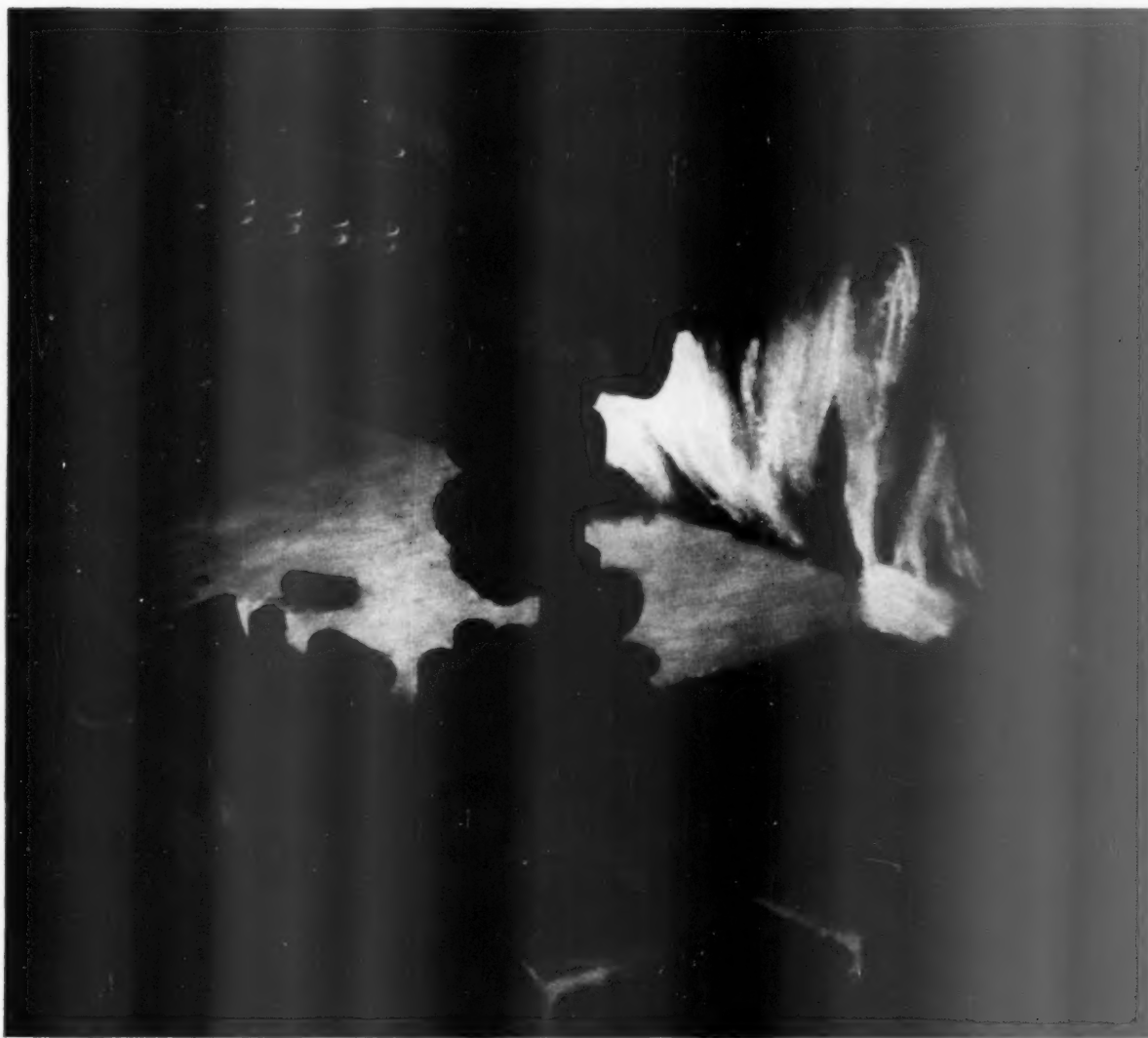
The facts behind the words were not quite that fierce, but the tone probably reflected pretty accurately the ire of Angelenos. The smog wasn't any worse than usual, but people noticed it more. Even the Chamber of Commerce admitted for the first time that smog existed. And the conservative Los Angeles Times reported that absenteeism of federal employees was running from 10% to 25%, instead of the normal 2%-3%. Smog was generally blamed, as it was for a batch of eye and respiratory irritations.

The Pasadena Board of City Directors announced it was studying possible suits against oil refineries and the Los Angeles County Board of Supervisors. Observers wondered how such drastic action might affect Los Angeles' long-standing cooperative approach toward eliminating air pollution (BW—Feb. 24 '51, p. 60).

## Bay Bridge Plan Killed

**SAN FRANCISCO**—The Army said no last week to California's plan for another bridge across San Francisco Bay (BW—Jun. 20 '53, p. 176). The rejection—which applies only to the specific plan first proposed—came as no surprise. During the hearings, the Navy had bared its hand enough to indicate that the proposed span lay athwart landing lanes for a projected jet seaplane base.

Even before the Army handed down its decision, local engineers were at work altering the design to fit the Navy's needs. Instead of crossing in a straight line, the new design calls for a curve to the south, away from the charted jet path. This will add about 500 ft. to the length.



## INSPECTING NEXT YEAR'S MIRACLES

Thousands of today's ordinary necessities were just luxuries to dream about, only fifty years ago. These wonderful changes in our lives were made possible only by the kind of research which goes on at the seven divisions of Continental Copper & Steel Industries, Inc.

No wonder, then, that all divisions of CCS consider their programs of research and development so important. Their discoveries have led to an impressive list of new and improved products, from longer-lasting wire screen, to better insulated wire and special alloy metals.

But research must have its beginning in the minds of men of vision. CCS is proud to have some of the country's finest "metal scientists" on its staff, making an important contribution to a happier, stronger, more comfortable America.

**CCS**  
Continental  
**COPPER & STEEL**

INDUSTRIES, INC.  
345 MADISON AVENUE, NEW YORK 17, N. Y.

FABRICATORS OF METALS  
FOR HOME AND INDUSTRY


ALLOY FABRICATORS DIVISION, process equipment. BRAEBURN ALLOY STEEL DIVISION, tool steels. HANOVER WIRE CLOTH DIVISION, wire screen, woven wire products. HATFIELD WIRE & CABLE DIVISION, wire, cable, cord sets. NIAGARA FALLS SMELTING & REFINING DIVISION, non-ferrous alloys. WALSH HOLYOKE BOILER WORKS DIVISION, pipelines, snow plows, heavy equipment. WELIN DAVIT & BOAT DIVISION, lifeboats, pleasure craft.



We sponsor this series of advertisements about the Traffic Manager and his job because we believe the Traffic Man is management's answer to better and more economical movement of material.

**Chesapeake and Ohio Railway, Terminal Tower, Cleveland 1, Ohio**





# The Traffic Manager helped light this smile

It was he who found a way to deliver  
new bicycles shiny and unscarred.

For many years it was the custom for all bicycle manufacturers to ship their product in an ordinary wooden crate. For years a very high proportion of these bicycles reached their destinations with scratches on their shiny enamel.

Now, as everybody knows, a bicycle is just about the most important thing in a youngster's life. It has to be perfect. He wouldn't accept damaged goods, and so quantities of shiny new bicycles started life as mark-downs with a heavy loss to merchants and carriers.

## Enter the Traffic Manager

It was the Traffic Manager for a large merchandising chain who at last got tired of the monotonous filing of claims against the carriers for bicycles damaged in transit. Working with the container manufacturers, a bicycle carton was developed which effectively protected its contents against damage. The Traffic Manager instructed his suppliers to ship all bicycles in the new type container. Damage dropped to almost nothing. The difference was so startling that in a short time the entire bicycle industry had changed to the new packing method.

## Millions of Dollars Saved

The new carton also packed to advantage so that more bicycles could be shipped in a car. Based on this heavier loading, plus the sensational reduction in damage claims, this same Traffic Manager negotiated a reduced freight rate. As a result of this man's initiative the bicycle industry, its customers and the carriers have saved millions of dollars, and millions of happy boys and girls have proudly ridden unscratched bicycles – unscratched, that is, for the first few hours they owned them.

Industry is filled with such stories of the savings that have been achieved by Traffic Managers who have had the imagination to discover the better way – and the authority to do what they saw needed to be done.

*As one of the great carriers of  
merchandise freight in the country, the*

## Chesapeake and Ohio Railway

*is vitally interested in any plan  
that will move more goods, more efficiently*



## ***the world is their fishbowl***

It would take a fishbowl the size of the world to give the *Nautilus* and the *Sea Wolf* room to show off.

*For these new and revolutionary nuclear powered submarines can go around the world without surfacing...around the world without refueling.*

Foreshadowing a new age ahead, atomic powered submarines now being built by General Dynamics for the United States Navy are the world's first applications of nuclear power to propulsion — applications which in time will influence not only transportation, but manufacturing, farming, and everyday living.

Constructing the world's first nuclear propelled vessels...building supersonic aircraft...producing electric motors of advanced design...General Dynamics has had more than *seventy years* of successful experience in the application of new forms of power to military and industrial uses.

## **GENERAL DYNAMICS**



GENERAL DYNAMICS CORPORATION • 445 PARK AVENUE, NEW YORK • PLANTS: GROTON, CONN., BAYONNE, N. J., MONTREAL, CANADA

# INTERNATIONAL OUTLOOK

BUSINESS WEEK

NOV. 14, 1953



Since Stalin's death, rose-colored glasses often have distorted the international outlook.

Even the experts were deeply divided on Moscow's intentions. Many Westerners built towering hopes for an East-West settlement.

The latest Soviet note has been thoroughly digested; so has the torrent of speeches from last week's celebrations in Moscow. Now, for the time at least, the experts are agreed: **The Soviets have dashed all hope for negotiation.**

"Although we must remain alert for any real change," counsels the Manchester Guardian, "it would be wrong to chase wistfully after our lost wishes."

There are some "I-told-you-so" officials in Washington. This spring and summer the U. S. was accused of inflexibility in the face of growing peace prospects. But Secretary Dulles saw little encouragement.

Now he feels the West has come to a new chapter in the story. The West can plan its strategy, less distracted by hopes for an early settlement of the cold war.

The December Bermuda conference is the first reaction to the Soviet line. There, it is hoped, the new approach can take shape.

The Soviet note, in effect, demands a complete Western surrender; nothing can be accomplished save on Soviet terms. If you take it as a firm statement of Soviet policy, it carries a deepening threat of war.

That's hardly likely, however. Instead, the note—backstopped by the speeches in Moscow—was written with these aims:

(1) Advertise to the Communist world that Soviet leadership is consolidated and means to stand firm—no concessions to the West or to unruly satellites. In this sense, the note seems to imply weakness in the Soviet camp—not strength.

(2) Gain time in the East-West struggle, hope for a better bargaining position later. Perhaps a tough policy—replacing the peace offensive—will succeed in bringing down the Atlantic alliance. The note makes it clear that the Soviets aren't going to seek an accommodation as long as they have hopes of splitting the West.

The main target is France—the "soft underbelly" of the alliance.

The upcoming presidential election there, and the resulting resignation of the Laniel government, will likely open up one of the most important and difficult French political crises.

If it results in a government opposed to the European Defense Community, the NATO structure will be jeopardized. Communists are working hard for such a government, and they have many French allies.

Indo-China, in turn, is the "soft underbelly" of France. If French political paralysis leads to concessions to Communists there, or to a French withdrawal, communism will have won a major point in Asia.

At Bermuda, the Big Three will try to close ranks, decide how best to keep the initiative in the diplomatic battle of wits with Moscow.

We are aware that everything depends on Allied unity and the prevention of a crisis in France.



# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**

**NOV. 14, 1953**

If, within the next year, NATO stands together, if Germany begins to rearm under EDC, if Indo-China can be held, Moscow might be forced to change its tune once again.

The business outlook in Japan is ominous. And severe frictions are building up between Washington and Tokyo over rearmament and the Japanese economy.

The U. S. has told Japan bluntly that it ought to take over a larger share of its own defense, and, above all, put its economic house in order.

Japan is following the line of least resistance now, encouraging an inflation-fed consumption boom at the expense of exports and its future competitive trade position.

The trade deficit this year will be a crushing \$1-billion or more. And the current balance of payments is in the red despite dollar earnings from the U. S. military.

In terms of value, exports have barely held their 1952 level, though tonnages are up slightly. But the latter is partially due to dual pricing—a refined term for dumping. Some recent cotton and iron sheet exports have been priced way below the domestic market.

Meanwhile imports continue to rise—with a growing volume of consumer goods.

Japanese production, prices, and corporate earnings are up. But much of it is due to increased investment, resulting from inflationary government spending. And precious little investment is going to build up export industries; much of it flows into consumer products like motor scooters, fluorescent lighting, new office buildings, petroleum, and pulp.

Austerity, according to U. S. diplomats, is necessary if Japan is to have stability, with enough export income to pay for essential imports.

Some U. S. officials advocate a drastic course to nudge Japan onto a sounder footing.

One suggestion is to announce gradual withdrawal of U. S. security troops—and their heavy dollar spending.

So far, however, the Pentagon has opposed that action, fearing that Japan will decide we are going to abandon the country. But Tokyo observers are convinced Japan won't seriously rearm so long as the U. S. foots the bill for its economy.

Some Londoners read the private investor interest in buying denationalized steel shares (page 173) as a bet on the Conservatives to stay in office for a number of years. (Labor, remember, has threatened to renationalize as soon as it regains power.)

Right now the Tory position is good. With Churchill at the helm, the government is working well as a team and would probably stay in office the full five years, then win another term on its record.

But owing to Churchill's health, an election may come next year. And the Conservative hierarchy behind the prime minister is pretty well settled: (1) Anthony Eden, (2) Chancellor of the Exchequer Butler, and (3) Minister of Housing Harold Macmillan.



## This pipe would last **203** years on a diet of hot hydrochloric acid

Handling corrosive fluids may be forcing you to pay more than your share of industry's \$6,000,000,000 annual bill for the perpetual war against rust.

PYREX brand "Double-Tough" glass pipe can help you cut your corrosion losses.

This pipe carrying 5% hydrochloric acid at 212° F. loses only .0003 inch of its thickness in a year. At that rate it would take over 200 years to eat away 30% of the wall thickness. It would take over 600 years to eat completely through the pipe.

PYREX pipe not only resists eating away by hard-to-handle fluids. It's also easy to flush clean. Even sticky substances and organisms won't adhere to its hard, smooth

surface. Its transparency is often important, too. You can see what's going on inside—spot trouble in the making.

You don't have to worry about breakage. PYREX pipe is called "Double-Tough" because all fittings and flanged ends are tempered. This makes them 2½ to 3 times stronger than ordinary glass.

PYREX pipe is only one example of how glass by Corning is aiding industry. If your problem is corrosion—or cleanliness, heat resistance, light transmission, visibility or better looks for your product—consider glass by Corning.

Why not write today and see how glass can help you either as piping or for some other application?



SCALE DEPOSITS which impede heat flow do not form on the hard, smooth inside surface of the PYREX pipe in this heat exchanger.



PYREX brand sight glasses provide visibility plus heat and chemical resistance.

**FREE BOOKLETS:** Send the coupon or write for copies.

This 16-page booklet, "PYREX brand 'Double-Tough' Glass Pipe in the Process Industries," illustrates the experience of many users.

This new 48-page booklet, "Glass and You," will bring what you know about glass up to date. It may spark a new product or a new production idea.



**CORNING GLASS WORKS**  
CORNING, N. Y.

*Corning means research in Glass*

CORNING GLASS WORKS, 611 Crystal St., Corning, N. Y.  
Please send me a copy of "Glass and You" ☐ and a copy of  
"PYREX brand 'Double-Tough' Glass Pipe in the Process Industries." ☐

Name..... Title.....

Company.....

Address.....

City..... Zone..... State.....

## BUSINESS ABROAD

# Latin American Reds: The U.S.

In the past 10 years, U.S. business has doubled its investment in Latin America—to \$5.7-billion.

Over the same years, communism has been investing in Latin America—not so much with money as with patient hard work. A primary objective is to discourage the future flow of U.S. capital, to throttle inter-American cooperation, and to upset economic stability.

• **Examination**—These two approaches to the future are colliding all over the hemisphere. In the past few weeks, the U.S. has been able to get a better slant on the nature of the collision, the extent of the Communist threat, and the possible directions of a U.S. policy to combat it.

• A Senate Foreign Relations subcommittee has just released a study of Communist strength around the world. The section on Latin America is brief and unsensational—yet it leaves no doubt that Communist capabilities there are a force to reckon with.

• Recent speeches by John Moors Cabot, Assistant Secretary of State for Inter-American Affairs, and actions by the Eisenhower Administration outline a changing U.S. policy toward Latin America and the problem of communism there. The new approach is a controversial one, and it carries important implications for the future of U.S. investment in the hemisphere.

### I. Nature of the Threat

The well-publicized growth of Communist influence in Guatemala and the sudden, spectacular flareup in British Guiana have brought communism in the Americas into the headlines. It's a problem that has long needed clarification—lest it be exaggerated by myth or underestimated by wishful thinking.

The Senate subcommittee estimates—and it's no more than an estimate—party membership in Latin America at 200,000, down 100,000 or so from the immediate postwar period when, in terms of numbers, the party had its heyday. In some Latin countries—Mexico and Cuba are examples—Communist influence has declined. Nowhere in the 20 Republics, 12 of which have outlawed the party, do Communists have any prospect of taking over by electoral means. However, the committee estimates that upward of 1-million Latin Americans may be Red sympathizers.





# Tries New Tactics

A count of noses is misleading and dangerous in any case. Many observers believe that Moscow's current design is to keep party organizations small, tightly organized, and manageable, able to make the best and most direct use of aid—financial and propagandistic—funneled in through world Communist organizations.

• **Popular Front**—The technique throughout Latin America is that of the "popular front." Communists espouse the most popular, and often most needed, reforms; they infiltrate democratic parties, labor unions, government circles, student and intellectual groups. They help finance a net of front organizations; they shift sides—for or against the government—as the wind changes. But everything they do is calculated to carry forward the party line.

In Latin America the party line calls primarily for stirring up public opinion against the U.S. and its interests, for opposing political moderates at all times, for making impossible any orderly national economic and political development.

Latin American Communists have a highly developed sense of the area's solar plexus—nationalism. There's hardly an issue that can't be used to batter "Yankee imperialism"—be it copper prices (page 171) or land reform.

In Guatemala, the most extreme example, a tiny handful of Communists (no more than 500) have a fellow-traveling government dancing to the Kremlin tune. Communists have total control of the labor movement. They take advantage of the poor Guatemalan's demand for better living standards by flailing at U.S. companies there, and exploit land reform to anti-American ends. The government and the army could end Communist influence quickly, but there's absolutely no sign that they will.

In Brazil no more than 50,000 Communists, outlawed in 1948 as a legal party and now dug into labor and government groups, are able to exacerbate strikes, elect candidates on non-Communist tickets, send supporters to world Communist meetings. (There were more Brazilians at a recent Communist meeting in Vienna than any other national representatives save East Germany.) U.S. officials credit the Reds with setting the prairie fire of nationalism that resulted in Brazil's new ultra-nationalist, antforeign oil law, which

they believe condemns Brazil to years of paying for oil imports that it can ill afford.

In Chile, an outlawed Communist party is holed up in labor unions—especially in nitrate, steel, coal production. Reds work closely with legal parties, keep extreme nationalism—especially the demands to throw out the U.S. copper companies—constantly in the air.

In Bolivia a nip-and-tuck contest—punctuated by outbursts such as this week's abortive right wing revolt—is on between apparent Communists and moderate leftist government leaders like President Paz Estenssoro. More than one pro-Communist is in a high government position; labor unions and the newly formed militia are being indoctrinated along Marxist, anti-Yankee lines.

Communists hold influential labor posts in Ecuador, Mexico, Argentina, Peru, Venezuela—to name a few—or are holed up in the woodwork waiting for a crisis. In the last three nations there are actually two Communist factions, one of them supporting the government and one in opposition. In some cases, both groups seem to keep their Moscow ties.

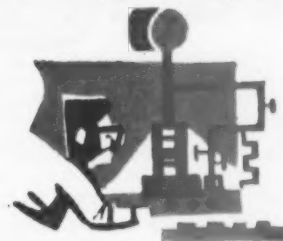
• **Ever-shifting**—It's a confusing, constantly shifting alignment, defying classification. Outsiders—or even insiders—find it difficult to distinguish between trained, dedicated Communists, loyal to and receiving support from world Communist headquarters, and local radicals who have adopted the Communist line because it is handy. Many a groping, ill-advised, but sincere patriot, troubled by the vast gulf between wealth and poverty that marks so many nations, will take the ready-made phrases of communism to prove his point and bolster his following.

Many Latin governments further compound the confusion by refusing to recognize the international character and threat of communism. They feel that, above all, they must kowtow to nationalism. Significantly, officials in Brazil, Nicaragua, Panama, Argentina, Costa Rica, and Venezuela felt obliged to blast the British action in Guiana as "vicious, colonial imperialism"—with nary a word to their peoples about the Communist threat there.

• **Turnoil**—As U.S. experts see it, the danger of the constant Communist veast at work in Latin America is not



from Loading Logs  
to Cutting Cellophane



**Quincy**  
COMPRESSORS

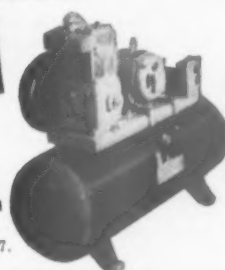
DO IT BETTER...FASTER  
AT LOWER COST

Whether it's operating crane tongs that lift logs...or air cylinders on cellophane cutting machines... Quincy Compressors can be relied upon for dependable compressed air supply. And these are merely two of hundreds of jobs, both unique and everyday, performed by Quincy.

Quincy builds a complete line of air compressors in a variety of mountings, with sizes ranging from 1 to 90 c.f.m. You'll find Quincy Compressors in service stations, garages, or as part of products requiring compressed air supply. Sold and serviced by a nationwide network of authorized automotive and industrial distributors.



"AIR MAKES THINGS HUM"  
booklet shows how Quincy has solved 16 interesting compressed air problems. For your copy, write Dept. W-47.



**QUINCY COMPRESSOR CO.**  
QUINCY, ILLINOIS

Branch Offices: NEW YORK • PHILADELPHIA  
DETROIT • CHICAGO • ST. LOUIS • DALLAS  
SAN FRANCISCO

Quincy Manufactures Air Compressors Exclusively



Protect your inactive business records with proper storage. **LIBERTY STORAGE BOXES** are constructed of highest test corrugated fibre-board. Dust-proof, spill-proof protection. Liberty's storage system assures fast-finding of any record. Try **LIBERTY BOXES** for quality and low cost. 25 stock sizes.

Sold by leading stationers.



Clip this ad to your letterhead **FOR FREE BOOKLET**

- 1 Record retention chart tells you how long to keep specific records.
- 2 Gives complete information for best procedures in record storage.

**BANKERS BOX COMPANY**  
720 S. Dearborn Street • Chicago 5, Ill.



**NC SOLVES 2 SALES PROBLEMS**

Because this plier-type stapler fits a salesman's brief case.

① Keeping home office bulletins, copies of orders, price sheets and product data files in proper order—handy instantly—is a big job, when a brief case is your "file drawer". Thousands of salesmen are finding that **N-C Staplers** solve this problem.

② The home office cheers when the sales force is equipped with **N-C Staplers**—because **N-C's** solve a problem for them, too. Orders, field reports, memoranda, expense accounts come in neatly stapled with proper attachments, etc. Saves time, money and errors.

ASK YOUR COMMERCIAL STATIONER TO SHOW YOU **NEVA-CLOG STAPLERS**

or write, on your letterhead, requesting stapler for free trial.



**NEVA-CLOG PRODUCTS, INC.**  
512 Logan St., Bridgeport 1, Conn.

a sudden, spectacular communization of a country, Czechoslovak-style. Instead, Washington fears that communism's aim is to keep Latin nations neutral, bickering, turned in on themselves, and anti-American. In the event of war and initial Soviet successes, they fear many opportunists would rally to the Red flag, even as they rallied to the Nazis. In such a situation, the influence of professional Communists would soar.

Moreover, the U.S. experts fear the Communists would have a field day if a world economic slump put unbearable pressures on Latin America's people and their slowly rising living standards, and perhaps toppled more than one government.

## II. Shunning Interference

What to do about communism in Latin America—particularly the deteriorating situation in Guatemala—has troubled the Eisenhower Administration from the start. Now a new approach seems to be forming, one aimed at disturbing delicate hemisphere relations as little as possible. Here's how John Cabot has summed up the new policy:

• No nation like Guatemala, "openly playing the Communist game," can expect U.S. cooperation. But, there's no thought now in Washington of active intervention—either by force or economic sanctions. Cabot feels that would violate our pledges of nonintervention in Latin America, the basis of the inter-American treaties. Indeed, he believes that's just what the Communists would like us to do. What we can try is to isolate Guatemala's influence, and to convince Guatemalan leaders that the Communist game some day will turn on them.

• Bolivia, says Cabot, is a horse of a different shade of red. He's aware that a certain amount of footsie goes on between the Paz leadership and pro-Communists. But he feels that U.S. aid to the tottering Bolivian economy will widen the breach between Communists and the moderate reformers. By helping Bolivia, we are telling Latin Americans that the U.S. has no enmity toward genuine non-Moscow radical reformers, but will help them follow constructive paths.

• As for other governments in Latin America—even such nondemocratic regimes as Argentina's—the U.S. will refrain from criticism and try to build friendly relations, as long as the governments firmly combat communism. We can't take responsibility for every Latin government; we can't afford a number of subsidiary feuds with every government with which we disagree.

Cabot already sees positive gains from the policy of friendship with Argentina. Peron's anti-Yankee diatribes have stopped, and the Peronist labor

federation has severed its previously amicable relations with Communists.

• **Trade Is Essential**—Against this background, the Administration will emphasize free flowing trade, foster investment, promote student and cultural exchange, and Point Four. If our assistance can help raise living standards and thus reduce anti-American tensions, there's hope that the immediate threat—communism—can be isolated and even that extreme rightwing governments will modify themselves.

The new State Dept. policy has stirred deep doubts among many Americans. Businessmen wonder whether our encouragement of Bolivia's revolutionaries won't lead malcontents to upset legitimate, conservative governments elsewhere, then nationalize foreign holdings and appeal to Washington for support in the name of non-Communist radicalism. However great the need for political and economic change, these observers think such a situation would spell chaos.

Others, including U.S. labor leaders who have fought all kinds of totalitarianism in the hemisphere, fear that by being friendly with the rightwing dictatorships we will bulwark the reactionaries who seek to maintain the status quo in Latin America at all costs. That, they say, will smother democracy, lead to bloody revolt in which only the Communist can benefit.



## Old Pro Wins Again

Dr. Antonio de Oliveira Salazar, benevolent and unobtrusive dictator of Portugal, celebrated 25 years as absolute boss this week with another election victory. It was the first vote under Salazar that allowed even a semblance of opposition, and the premier routed this handily. As the dean of practicing world dictators, Salazar has brought stability and economic progress to Portugal—but at the expense of democracy. Portuguese wonder what will happen when he passes out of the picture.

# Business-style Aid for Japan

American-Japanese intercompany technical aid contracts start technological revolution in Japan; postwar pattern follows this line, not capital investment.

American industry's postwar investment in Japan hasn't been the kind to attract a lot of attention. It has involved few big, spectacular deals. Nevertheless, it has meant a lot both to Japanese and U.S. business.

The bulk of it has been in the form of intercompany technical aid contracts that grant Japanese companies the right to use patents, processes, and trademarks. As of this week, 130 U.S. companies—many of them blue chips like du Pont and Union Carbide & Carbon—have concluded 216 such contracts.

Already this pattern is starting a technological revolution in Japan.

• **Filling a Gap**—Japan badly needs this change because it's facing increasing competition in a tightening world market—especially in Southeast Asia. Many of its potential customers are no longer interested in the cheap consumer goods from Japan that flooded the prewar markets. India and Pakistan now can turn out their own textiles, matching Japan's best in quality and price. They want to build up their own industries, and therefore they're now demanding capital goods—machinery and equipment. They'll take them from Japan if she can provide the goods at competitive prices.

Therefore, the pressure is on Japan to make the necessary technological changes—and that's one place where American technical aid has fitted in.

• **Two-way**—For American companies, it has been profitable to make their know-how available to Japanese companies in return for royalty earnings or in barter for stock-management interests. It is a means of realizing additional income from past investment in research and development.

For the Japanese, the use of American know-how has meant a chance to get up to date technologically. Yawata Steel Co. says it would take 10 years to develop the production know-how—on strip mill and galvanizing lines—it has been able to acquire from Armco International Corp. It would also require a larger outlay of research funds than Yawata can afford.

Here are other examples:

• **Radio Corp.** of America is now helping Japan Electric Co. and three other companies with vacuum tube production. This has resulted in 10% savings of materials and cuts in costs up to 20%.

• Six Japanese textile companies

are using Cluett, Peabody & Co.'s Sanforizing process. This is part of the Japanese textile industry's efforts to shift from mass export of cheap goods to high-quality, high-value textiles.

• **Other technical assistance** deals range from vitamins and paper towels to elevators and diesel locomotives.

• **Return**—Most of the technical assistance has been granted in return for royalty earnings. But in a limited number of cases, where American companies have insisted on stock-management participation, the Japanese have reluctantly agreed.

For example, for a \$100,000 investment and the use of its aureomycin manufacturing process, American Cyanamid Co. has received a 50% interest in a subsidiary formed with Sumitomo Chemical Co. Cyanamid expects its own share of the new company's profits to run above \$100,000 annually. It will also collect royalties on its aureomycin license.

The Japanese government has tried to hold foreign ownership in Japanese companies to 50%, though there are exceptions. Monsanto Chemical Co. has been able to swing a 51% interest deal in return for technical assistance for production of polyvinyl chloride and plasticizers. The exceptions are usually for American companies renewing prewar Japanese contracts.

• **Investment Small**—It's likely that the pattern of private, intercompany technical aid will continue. So far Japan hasn't attracted any vast infusion of U.S. capital: only \$10.5-million, with three oil companies—California Texas, Standard-Vacuum, and Tide Water—accounting for all but \$1-million of it. U.S. private loans add up to a more impressive figure—\$43.7-million—with the oil companies again underwriting a major portion—\$25.5-million. But it's clear that U.S. business regards investment in Japan as risky.

Recently a Commerce Dept. survey ticked off the reason. It found U.S. investors are wary because:

• Japan is very close geographically to major Communist areas.

• Its balance of payments prospects are highly uncertain: The soaring trade deficit, expected to top \$1-billion this year, is only made up by American military spending in Japan.

• Raw material supplies are scarce. Iron ore, coal, and oil must be imported in large quantities.

• Many Japanese distrust private

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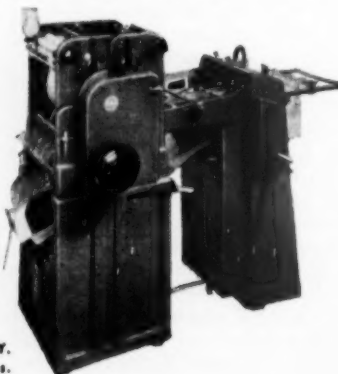
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foreign investment. Even those who think this investment essential admit that to advocate liberalization of investment laws in the present climate of Japanese opinion would arouse the wrath of public and politicians.

• **Needs and Fears**—The Japanese attitude on American business aid is compounded of needs and fears. Japanese businessmen are the first to recognize that they will continue to need this aid. The need stems from hard, economic facts. World War II opened up a big hole in Japanese technical progress. As the Japanese renewed world contacts in 1947, they realized with a shock that Japanese producers weren't in a position to compete in world trade as they had before the war.

On the other hand, Japanese business shares many of the fears of foreign investment, especially in regard to American companies. This was summed up by an official of the Finance Ministry's Foreign Investment Board, who last week told **BUSINESS WEEK**, "The financial strength and technical skill of American companies is so great that to allow one to hold a majority and controlling interest in a Japanese company would destroy its Japanese competitors."

Right now, this view is reflected in a tougher Japanese attitude on all types of agreements. They are refusing arrangements that they would have accepted three years ago. Americans who have been involved in postwar Japanese business deals generally agree that Japan is pinning its hopes on government-to-government loans that eliminate foreign ownership and control. They don't expect the country to take any steps to make private investment attractive until all hope of foreign government aid is gone.

• **Advice**—These same American observers advise any U. S. company interested in investing in Japan to consider these points before plunging in:

• The Japanese companies it makes connections with. Zaibatsu organizations—the prewar cartel groupings that the MacArthur occupation tried to break up—are re-emerging (BW—Mar. 14'53, p164). They'll have a lot to do with future organization of business.

• Raw material supplies. The best investment prospects are those for which major raw materials are available in Japan. Monsanto's investment is a good example: Carbide and power are available in Japan, and the other major need, salt, is partially produced.

• Degree of importance. The less risky investment, according to American savvy in Japanese business deals, may be in areas vital to Japan's economy. A Japanese refinery could ill afford to default on its obligations to American oil companies since it's dependent on them for its crude oil supplies.

# What's Next for Arabia?

Death of Ibn Saud leaves question mark on future of oil supplies and new king's staying power . . . U.S.-Chile copper talks hit snag . . . Indonesia makes bid to Reds.

Ibn Saud, king of Saudi Arabia and kingpin around which Arabian American Oil Co. has built a multimillion-dollar empire, died this week at 73.



King Ibn Saud (seated) is dead; his eldest son, Emir Saud, rules Saudi Arabia

His passing could seriously affect Aramco's position in the country, and U.S. supplies of Middle East oil. Ibn Saud was absolute lord of Arabia. He was a self-made monarch who carved out a kingdom by himself and held it together by force of his own intelligence. In 50 years of iron rule he guided 7-million Bedouin subjects across the equivalent of 4,000 years of history. Saudi Arabia is today at a point of historical evolution roughly equivalent to the end of the Middle Ages in Europe. It was still living in the age of Abraham when Ibn Saud came to power.

Such a monarch is hard to replace. So far the transfer of power to Ibn Saud's eldest son, Emir Saud, has taken place smoothly. At 51, Emir Saud is clearly better for the job than any of his 34 legitimate brothers. He is liked and trusted by most Arabians; he is capable, middle-road, has been carefully schooled by his father for 20 years. He likes Americans, and has been the main bridge between his father and Aramco for years.

• **Explosive Elements**—But he has inherited a kingdom whose unruly factions were welded together less than a generation ago. The flood of dollars being pumped into the country by Aramco also creates potentially explosive pressures.

The king's greatest immediate chal-

lenge, according to U.S. Middle East hands, will come from his brothers. Traditionally, Arabians have rejected the rule of the eldest son, preferred to let brothers fight it out for their father's wealth and power. Ibn Saud took great pains to see that this didn't occur, made the younger brothers crouch on the floor of the Emir's Cadillac when driving in public to symbolize his dominance. But it's not certain the brothers will continue to bow so meekly.

In addition, the new king will have to retain the allegiance of the Bedouin tribes in the vast central Arabian desert as his father did. He must keep on the good side of powerful, strictly orthodox Moslem leaders—a difficult assignment in a country suddenly invaded by the 20th Century and oil money to the tune of \$200-million or more yearly.

Right now odds are that the new King can stay in the saddle. If he falters, the country might relapse into tribal anarchy, which would make Aramco's position there very uncomfortable.

## Chile Copper

U.S. negotiations with Chile for the purchase of 100,000 tons of unsold copper reached a critical stage this week. Many politicians in Santiago are resentful, accusing the U.S. of intervening in Chilean affairs by attaching conditions to the purchase. A Chilean Central Bank official, who has been representing Santiago in the copper talks in Washington, has flown home for new instructions. Negotiations have been suspended until his return.

• **Package**—Washington has proposed a package deal: It will buy Chile's copper backlog at the going market price—currently 29.5 cents a lb.—in return for three major economic reforms:

• A change in the Chilean fiscal system so that taxes on U.S. copper companies would be levied on profits, not production. This would make possible greater price flexibility, lead to a more realistic relationship between copper output and the government's budget.

• A better exchange rate for the American copper companies.

• A promise to stop fixing copper prices regardless of the world market. High Chilean prices have been the main reason for the present unsold surpluses.

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to reduce the likelihood of a future copper glut. Washington's position is this: We don't need Chile's copper now since our stockpile is in good shape. We're willing to bail Chile out this time but want assurance against a similar occurrence in the future.

• **Politics**—Many Chileans agree that the U.S. proposals make good sense. But that won't make them any more palatable politically. It will be difficult for Chileans to reduce the state budget's dependence on copper production.

Moscow is trying to capitalize on the situation by offers to buy up Chile's surplus. Last week, a Soviet trade representative announced that Russia would take 100,000 tons off Chile's hands at 34¢ a lb. Santiago is suspicious, has refused to bargain with the Russians. But Washington isn't ruling out the danger that Moscow may yet make an offer that would be politically difficult for Chileans to resist if a U.S. copper agreement isn't hammered out soon.

## Rubber for China?

Indonesia announced last week that it's turning to redder pastures—Communist China—to sell its rubber. An official mission left for Peking to scout the ground.

This is Indonesia's opening move to get itself out of a tight economic situation that has developed with the fall of rubber prices. During the Korean War boom, the government failed to stock up on foreign exchange. Meanwhile, it had committed itself to a grandiose development scheme for which it now has no funds.

Other events, too, have generated pressure on Indonesians to look to Red China for an out:

• They were sorely disappointed this year by failure to get world commodity stabilization agreements for tin, sugar, and rubber. Moreover, U.S. stockpiling is just about over and won't pick up unless there's another emergency.

• Indonesians notice Ceylon getting premium prices for its rubber from Red China.

• The Djakarta government is under constant political pressure to reaffirm its neutrality in the cold war, and to expand trade with China.

Washington would be distressed to see Indonesian rubber bound for Red China, but there isn't much it can do. The U.S. could cut off \$4-million in technical assistance funds now going to Indonesia. But chances are Washington would hesitate to take drastic action: The stakes in Indonesia are greater than any spot rubber sales that might be made to China.

Indonesia is tottering on the brink of anarchy; the government is besieged by



a strong, well-integrated Communist movement. Native Communists recently tightened their grip on Indonesian trade unions. Chinese Communists also have been active among the 2-million Indonesian Chinese, the majority of whom seem to favor the Peking regime. Cutting off U. S. aid wouldn't mean much economically, but it would arouse neutralism, anti-Americanism, and might be just the little shove that would push Indonesia into the Communist embrace.

Washington is hoping against hope that Peking won't come through with an acceptable offer for Indonesia's rubber. If it does, we'll take it in stride and hope that in the long run Indonesians will discover that doing business with the Reds isn't all it's cracked up to be.

#### BUSINESS ABROAD BRIEFS

**First public offer** of stock in Britain's formerly nationalized steel industry was a big success. Some \$50-million in shares of United Steel Companies, Ltd. were heavily oversubscribed when the lists closed this week. There were plenty of applications from private investors. That clears the decks for the next sale.

**President Eisenhower** this week turned down the Tariff Commission's recommendations for higher duties on the low-priced briarwood pipes. He concluded that the pipe industry's troubles stem more from a shift away from pipe smoking than from imports.

**West Germany** has concluded a \$200-million deal with Iran to supply industrial machinery in return for raw materials.

**Britain's conservative government** will get out of the meat business next summer, ending rationing and state controls of the meat trade. It's part of the plan to end all rationing in 1954. Meanwhile, Laborites fear that a free meat market will lead to higher prices and are hoping to upset the government on this issue.

**The Pictures**—C. O. Railway Co.—27 (top); Fred Fehl—128; Geo. Harris—195; I.N.P.—154; Bob Iscar—43 (top, lt., rt.), 44, 61 (top), 80, 81, 82, 83, 186 (lt.); Herb Kratochvil—cover, 30, 31, 136, 186 (top, rt.), 188; United Press—168, 171, 176 (lt.); Dick Whittington—43 (bot., ctr.); Wide World—176 (rt.), 186 (bot., rt.), 187; Charles Wilks—27 (bot.).

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## THE MARKETS

Index: June 26 = 100



## Commodities Look Ahead

Businessmen are taking a brighter view of the future than they did at summer's start, if you go by the way spot prices and futures are behaving in the commodity markets.

In July, spot prices grew firmer (chart above) with the increased hand-to-mouth buying by purchasing agents who were uncertain about future product sales. At the same time the interest in futures waned, under the impetus of reports that industrial activity would slow down as soon as output began to get ahead of demand. Prices of futures declined, widening the gap between commodities for forward delivery and the spot market.

In the past month, though, futures have tilted upward again, according to the Dow-Jones index. And last week, spot prices weakened; the gap narrowed between the D-J indexes of spot and futures.

• **Buying**—Of course, single changes in the indexes don't accurately chart a course that business will follow for a quarter, or a year. Still buyers seem to

think that the present comparative stability, after the long slide from the Korean highs, is going to last for a while. So, with no belief that the immediate future will bring bargain rates, they are stocking up on both industrial and farm staples for use six months to a year from now.

Such varied items as steel scrap, tin, butter, cocoa, cottonseed oil, lard, and steers are now selling above mid-October levels. On the other hand, weaknesses continue in corn, cotton, hides, hogs, print cloth, and rubber.

• **Reasons**—Many of the commodities that are wandering aimlessly or showing no strength are in special situations.

Copper has held steady despite uncertainty on how much will be available from Chile.

Cotton sagged to the season's low, slightly below the support price, in expectation of a higher crop estimate. The November report was 16.1-million bales, up nearly 500,000 bales from Oct. 1.

The strength of wheat prices has

reflected the prolonged drought. Traders don't know how much good the late rain has done; severity of the winter may hold the answer.

Hides have been down, due to the big cattle slaughter, and to some slowing in the shoe trade (BW—Nov. 7 '53, p18).

• **Lots of Rubber**—Rubber production is still greater than demand, judging by the roughly 20¢-a-lb. price of natural, some 3¢ a lb. below synthetic. Tire output could be hit by a 1954 cut

in auto production, since new cars take a quarter of all tires.

However, auto makers still insist that more than 5-million passenger cars will be turned out next year. And the firming of scrap prices lends credence to heavy 1954 demand for steel.

Over-all, commodity prices seem to indicate that business expects to be selling its products next year, and is taking in staples accordingly. Either that, or it sniffs a hint of more inflation in prices.

## Nine-month Dividends: a Record

Companies listed on the New York Stock Exchange paid out more than \$4.1-billion in common dividends in the first nine months of the year. In so doing, they rang up a record.

It was the biggest outpouring of common dividend dollars in any first nine calendar months in history, and the first that ever reached the \$4-billion mark.

The \$4.1-billion represented a rise of 4.2% over the same period last year, and marked the 11th consecutive year in which a new high was set.

Of the 1,066 common stocks listed on the Big Board at the end of September, 945, or 88.6%, paid one or

more dividends during the period. Of these, 284 paid larger dividends than last year, 559 paid the same, and 131 paid less.

The aircrafts showed the biggest gain—23.3%. Next came the financial companies, with a rise of 21.6%, followed by the utilities with 12.5%.

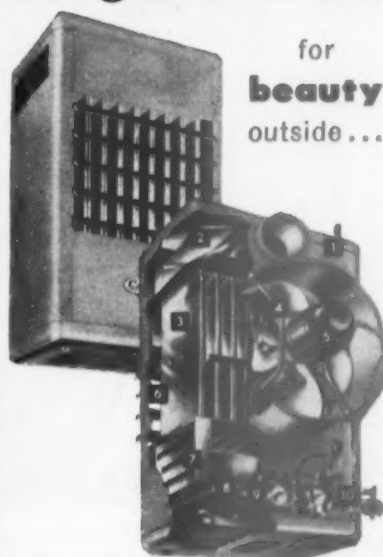
The largest cash payment by an industry was \$760.4-million by the utilities; next came petroleum and natural gas with \$686.6-million.

In third place were the chemicals with \$422.6-million. These three industries together accounted for around 46% of the total payments by all companies.

Industry Group	Number of Issues		Number of Dividends		Total First Nine Months Dividends (\$000 Omitted)		Percent Change 1953 versus 1952
	Group	Payers	Higher	Same	Reduced	1953 1952	
Aircraft.....	26	21	11	9	1	\$38,270 \$31,038	+23.3
Amusement.....	24	21	5	10	6	35,811 38,301	-6.5
Automotive.....	71	59	17	38	9	401,824 399,825	+0.5
Building Trade.....	30	28	9	17	3	45,632 44,562	+2.4
Chemical.....	86	80	17	51	13	422,569 416,735	+1.4
Electrical Equipment.....	23	22	4	18	..	115,400 113,138	+2.0
Farm Machinery.....	7	7	..	3	4	43,386 46,353	-6.4
Financial.....	33	31	11	19	1	93,547 76,930	+21.6
Food Prod. & Beverages.....	68	62	16	38	10	157,740 154,951	+1.8
Leather & Its Products.....	9	7	1	6	..	14,705 14,044	+4.7
Machinery & Metals.....	107	97	33	52	16	142,532 134,719	+5.8
Mining.....	40	32	9	17	10	144,598 146,354	-1.2
Office Equipment.....	10	9	3	5	1	26,524 24,952	+6.3
Paper & Publishing.....	37	33	8	21	4	76,513 73,997	+3.4
Petroleum & Natural Gas.....	49	47	17	28	2	686,599 667,898	+2.8
Railroad & Railroad Equip.....	81	63	19	42	4	218,948 197,428	+10.9
Real Estate.....	10	10	6	3	1	12,219 12,050	+1.4
Retail Trade.....	71	66	13	46	8	198,015 195,281	+1.4
Rubber.....	9	9	3	6	..	39,127 36,431	+7.4
Shipbuilding and Operating.....	10	8	1	6	1	10,648 9,989	+6.6
Steel & Iron.....	37	32	9	18	6	182,496 179,446	+1.7
Textile.....	44	36	11	18	9	51,291 58,551	-12.4
Tobacco.....	15	14	1	12	2	60,336 58,579	+3.0
Utilities.....	105	100	49	49	3	760,374 675,888	+12.5
Miscellaneous Business.....	22	21	4	13	4	32,090 31,804	+0.9
U. S. Co.'s Oper. Abroad.....	25	16	4	4	12	44,357 51,043	-13.1
Foreign Companies.....	17	14	3	10	1	85,136 82,817	+2.8
Total.....	1,066	945	284	559	*131	\$4,140,702 \$3,973,803	+4.2

\*Includes 29 which paid no cash dividend this year but which made payments in same 1952 period.

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## What's behind Their Company Tour?

There was some surprise this week over an announcement issued jointly from Pittsburgh by U. S. Steel Corp. and CIO's United Steelworkers union. It said that, starting Nov. 17, the corporation's board chairman, Benjamin F. Fairless, and the union's president, David J. McDonald, would together visit a number of the corporation's plants. Purpose of the junket, the announcement read, was "to reach a better understanding at plant levels between management and the union."

• **Opening Gambit**—Such an undertaking was first bruited at the end of the 1952 steel strike (BW—Aug. 2'52, p99). Fairless, at that time president of U. S. Steel, was extremely concerned about bad feelings that had been engendered by the unusual bitterness of the strike. Such feelings were evident on both sides of the table. When the strike ended, Fairless made the unprecedented gesture of appearing personally before a meeting of the union's executive board. He reminded some observers of Daniel walking into the den of lions. But Philip Murray, then president of the steel workers, made sure that his reception would at least be courteous. Fairless, himself, did the rest.

What Fairless did was to captivate the audience. Some of his associates said later that he also captivated himself. They felt that he had been so carried away by the warm and friendly feeling that his appearance and few simple

remarks evoked from his hardboiled audience that he went "way out on a limb" and suggested a Murray-Fairless circuit ride through the steel towns. Murray accepted with alacrity. But people in the corporation had some disturbing second thoughts.

• **Potential Trouble**—What they worried about was the possibility of Fairless meeting a group of union shop stewards at, say, Clairton, and having them raise with him a bunch of local grievances, the backgrounds of which were unknown to him. It would be poor policy for him to try to shut the stewards up, and it would look bad if he refused to discuss the grievances. Under the circumstances he might be tempted—as so many top executives have been tempted beyond their powers of resistance—to make some "settlement," figuring the substantive issue to be less important than the object of leaving behind him an aura of good feeling. He would then go on to the next plant on the itinerary; but left behind would be a local plant management with an undercut position, a shattered prestige, and a cocky local union intent on pushing every matter to Fairless on which local management proved unyielding.

Thus, the sighs of relief in the corporation's office were almost audible when two things happened that seemed conclusively to put a quietus on the joint junket idea. These were the elevation of Fairless to U. S. Steel's board

chairmanship—which took him out of the top operating position—and the death of Philip Murray, with whom the junket "deal" had been made.

Hence the surprise at the joint announcement.

• **Motives**—Behind it are two important factors. There is, first of all, the corporation's new idea of what the trip should be. Instead of the exclusive duet of Fairless and Murray, which was the original conception, there will be both a company and a union "team" making the visits.

Accompanying Fairless will be John A. Stephens, vice-president for industrial relations and—for the first visit, which will be the corporation's Cleveland operations—Walter Munford, president of the company's American Steel & Wire Division and John E. Goble, president of National Tube.

With the latter two, whose plants will be the first stopping place, will be members of their headquarters and plant staffs equipped to answer any questions and handle any "beefs" local union grievance committeemen may raise. This should give Fairless all the blocking he will need. And it is taken for granted that when plants of other subsidiaries are visited, the "right people" from the company side will be on hand.

The second reason the corporation is going through with the program is the urging of Dave McDonald. Following Murray into the union presidency, he

has the obvious problem of proving himself, of being subject to comparisons with a figure whose stature and leadership were unchallenged. By getting Fairless to make the trip with him, McDonald demonstrates that he is also a large figure on the steel industry's landscape.

## I. McDonald vs. Reuther

Beyond that, McDonald has another bird to wing with the same stone. It is not without significance that the junket starts in Cleveland and begins on Nov. 17. The CIO convention opens in that city the day before.

McDonald is fully aware that Walter Reuther, president of CIO, needs the steelworkers for a successful CIO administration. Indeed, there would scarcely be a CIO if the steelworkers and Reuther's auto workers were separated. For one thing, the McDonald union pays about \$110,000 per month into CIO's operating fund. McDonald resents every penny of it going where it does.

So it is not just a coincidence that the Fairless-McDonald trip starts when and where it does. It is patently another McDonald needling operation on Reuther, like his visit to John L. Lewis last June for the purpose of stimulating talk that he might team up with Lewis and leave CIO. Later in the summer McDonald announced that such was not his intention—but no one took that to be a pledge of loyalty to Reuther. It was designed to reassure the smaller unions in CIO that had started to run for cover by making the best deal they could with rivals in the AFL while they still had some bargaining position.

McDonald wants the smaller unions to stay where they are until he is, himself, prepared to move. Then he wants to take them with him. He envisions a CIO-AFL merger with both Reuther and himself having vice-presidencies in the amalgamated body.

This would make them equal—but only at the start. McDonald's friends say he counts on outdistancing Reuther in the race for leadership; he thinks his own social and economic philosophy is more acceptable to the "AFL mind." In furtherance of this plan, McDonald has given some indication of wanting to seize the leadership of CIO if Reuther appears to be dragging his feet on an AFL-CIO unity program.

• **Competitor**—It is in minimizing Reuther's prominence, and the importance of the first CIO convention over which he will preside, that the Fairless-McDonald trip's scheduling has especial point.

There is some speculation that Carey may be opposed for re-election.

The Cleveland leg of the tour will probably take only one day, but news-wise it is good for a three-day story. There will be an advance release the day before that will compete with the convention's opening. Then the visit itself, counted on to make a big national news story. And then a press conference the day afterward.

For most of the five days the convention is scheduled to run, McDonald and his important steel union delegation will be looking the other way. The convention may thus appear dull; but a conclusion that the CIO is all one big happy family would be dead wrong. McDonald and Reuther are as far apart as ever.

## II. The CIO's Docket

The CIO convention without doubt, and perhaps without dissent, will approve the no-raiding agreement with AFL. The agreement will go into effect Jan. 1 for a two-year period for those unions that sign it.

The seed of a possible row in the convention is the report on Communism in the Packinghouse Workers Union, although Reuther seems to have covered a tactical slip of the Auto Workers' secretary-treasurer, Emil Mazey, on this issue.

Reuther had set up an informal committee to investigate, among other things, communism in the union headed by Ralph L. Helstein. Mazey was not on the original committee, but after a series of substitutions, because of absences from the country, the job fell to him.

Mazey wrote a report clearing the union of charges of communism. And, without submitting it to any CIO executive body, sent it to Helstein. The character of the findings, and the procedure, led to an uproar in the CIO executive committee, which consists of the president, secretary-treasurer, and nine vice-presidents.

• **At the Bottom**—The upshot was that Reuther wrote a letter to Helstein saying that he and the top level of the Packinghouse Workers were clean of Communist domination, but that "party liners" were operating below and should be cleaned out.

This may quiet the Reuther critics. In any case, it was not a clear-cut Reuther-McDonald issue. James B. Carey, CIO secretary-treasurer, who is aligned politically with Reuther rather than McDonald, was one of the most vociferous critics of the Mazey performance.

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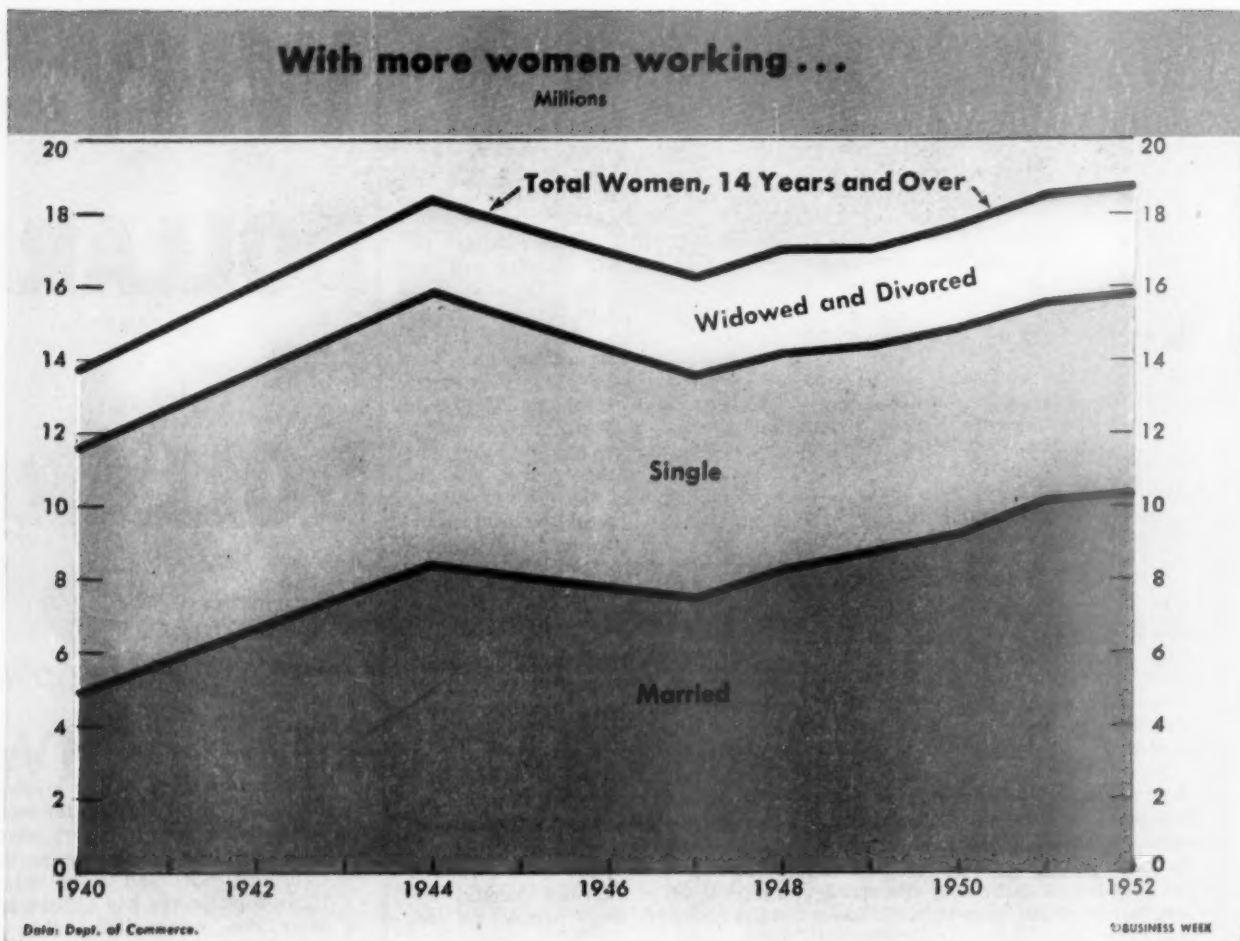
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## If Jobs Get Scarce, Will Women

Women have flocked into the labor market in the past 10 years, industry has been glad to have them all. Production has been high, jobs plentiful, labor scarce.

Now the trend may be shifting. Scattered layoffs and rumors of layoffs have raised the question of what would happen to women workers in a time of low employment. Some clues to the answer may be found in the latest report of the Women's Bureau of the Labor Dept.—a report that jolts some popular ideas about women workers.

• **Married Workers**—The latest figures show that close to 19-million women—about a third of all those over the age of 14—are working outside their homes. About 10-million of them are married, and 5-million have children under the age of 18.

It's obvious that any large-scale voluntary retreat of women from the labor market will have to be made by the married women, who presumably have other means of support. Most single women work because they have to.

Trends in the past indicate that the married women won't be too difficult about such a retreat—unless the cost of living continues high, or earnings fall off to a marked degree:

• From the start of World War II, the number of women workers increased steeply. Between 1940 and 1945, the feminine part of the total work force jumped from 28% to 37%. Husbands were away, defense jobs clamored for workers, pay was good, and most women needed money.

• At the end of the war, women left their jobs in droves to rejoin their husbands. Defense work declined, and the birth rate rose sharply. By 1947 the distaff side of the work force had dropped to a postwar low of 16-million.

• Then, as the cost of living soared, and luxury items became available once more, women began trickling back into jobs. By 1950, there were 18-million of them at work.

• The Korean war speeded the trend. The combination of more jobs, fewer men, and good wages sent the

total of women in the labor force to 19.5-million in 1952.

• This year, women have been repeating their postwar exodus from work. In late spring, the total was back under 19-million.

This ebb and flow seems to indicate that married women would rather be full-time wives and mothers, but they will work to get better things for their families.

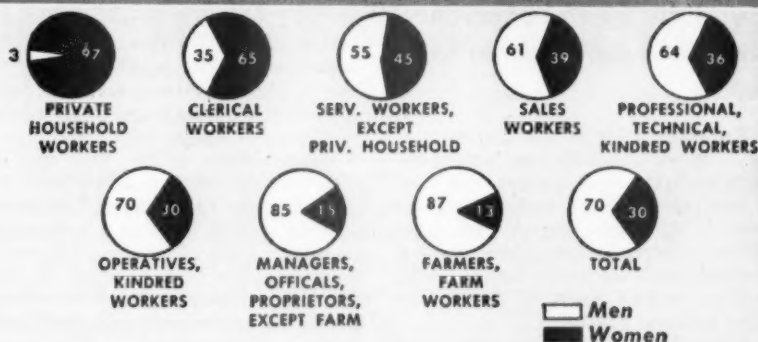
Through it all, women in the work force have made a pretty good showing. The Labor Dept. report denies that they quit jobs more readily than men. Actually, the rate is about the same except in such women-employing industries as apparel, tobacco, and leather manufacturing, where relatively low wages may account for the high turnover.

• **Rising Age**—The work force as a whole is growing older, the report shows. Most recent increases for both men and women have been in the 45-and-up group. The median age for women workers has risen from 25 in



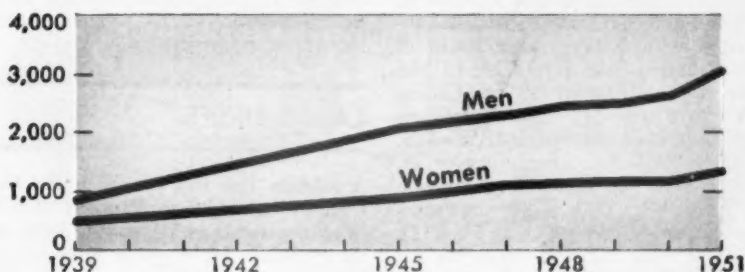
## ...And most in lower-paid jobs...

Percent Women in Each Occupational Group (1953)



## ...The wage gap between men and women is widening

Salary Income in Dollars



Data: U. S. Bureau of the Census.

BUSINESS WEEK

## Be Squeezed Out?

1890 to 36 in 1950, with most of the change taking place between 1940 and 1950.

The gap between the median earnings of men and women is getting wider, not narrower, as most people think. The spread was marked in the 1939-1945 period; women's relative earnings rose slightly in 1947, but sagged again between 1948 and 1951.

These figures do not indicate, however, that the gap between male and female pay for equal work is getting wider. Quite the contrary. What pushes down the relative median pay of women is the fact that so many of them, with no special skills, move into the lowest category of jobs.

The report finds little basis for fears that women might displace men in times of job-pinch. In terms of occupation, the situation isn't too competitive. Clerical and factory work account for nearly half of the feminine job total. About one out of four employed women works in an office; one out of five is in a factory. Competition with men is

pretty well limited to the factories, and there mostly on the production line. Few women are in craft jobs, few are laborers. And they're scarce in farm and managerial work.

• **Unemployment**—And women's unemployment record gives no particular cause for alarm either. Generally, men have a higher unemployed rate than women. That's because practically all men who don't have a job want one, while women are in the labor market particularly while jobs are plentiful.

There are about a half-million unemployed women now, but that only represents 24% of all women in the labor force. This is a drop from 2-million unemployed women in 1940. But the proportion tells another story. Whereas women accounted for only about one fourth of all unemployed in 1940 they now make up one third of the unemployed. This small but steady increase in the proportion of women among the unemployed indicates that some of the new female entrants into the work force have come to stay.

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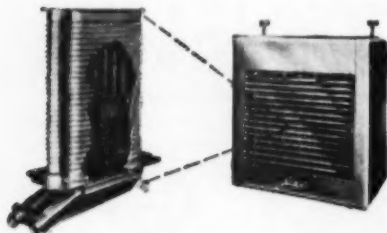
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## Railroad Row . . .

. . . In Amarillo (Tex.)  
court tests federal union shop  
law versus state right to work  
statute.

Railroad employers and unions—now locked in a contract dispute, both at negotiating tables and in court—will turn at least one eye next week to a courtroom in Amarillo, Tex. A legal question to be argued there involves the rail brotherhoods' hard-won union shop, and the impact could be felt in rail labor relations generally.

• **Court Issue**—The Texas state court will be asked to decide in permanent injunction proceedings whether workers in a state with a "right to work" law can be compelled to join a railroad brotherhood.

Barred before, the union shop (which requires employees to join a union or forfeit their jobs) was legalized nationally for railroads in an amendment of the Railway Labor Act in 1951. Not long after, a Presidential fact-finding board gave strong support to brotherhoods' union-shop demands (BW—Feb. 23'52, p42). Finally, carriers gave in, one by one, and accepted union-shop clauses covering almost all nonoperating employees (BW—Feb. 28'53, p152).

A few roads held out, including the Atchison, Topeka & Santa Fe. The current Texas court action is based on a petition by 15 Santa Fe employees for a permanent order barring the road from signing a union-shop pact demanded by 17 unions.

The employees—who include three union members—contend that a union shop contract would jeopardize their jobs, and would violate their rights under Texas' statute banning compulsory unionism. They also contend that the Railway Labor Act amendment legalizing the union shop is unconstitutional. Although the Santa Fe is named as a defendant along with the unions, it is supporting the plaintiff employees. Union attorneys argue that the amendment's constitutionality already has been upheld, and that federal law supporting the union shop supersedes state law forbidding one.

• **Importance**—Nobody questions the importance of these proceedings—in the words of the court, "not only from the standpoint of the principals, but for the country as a whole." Opposing counsels concede the case will go to the U.S. Supreme Court—no matter who wins.

Attorneys for the plaintiffs and the carrier argued in earlier court proceedings that they "view this action as an attempt to strike down the right-to-work statutes in states"—not only in

Texas but in at least 13 other states with similar laws.

The Santa Fe case is important for this other reason: A victory for the plaintiff employees and the carrier could set off a campaign against the union shop in all states with similar right-to-work laws; the end result might be to force a highly controversial issue back to the railroad bargaining table, where problems are already piled high.

• **Impasse**—Due to the slow appeals procedure, the outcome of the Santa Fe suit will hardly affect current bargaining—now in a tight deadlock. Nonoperating unions broke off contract talks with major roads last week, charging the carriers with refusing to negotiate on demands for a company-paid health-insurance-welfare program.

As the National Mediation Board intervened in an effort to get derailed bargaining back on the track, carriers went to court with a petition for an "interpretation" of their obligations under the Railway Labor Act. The roads contend that the unions' demand for a health-insurance-welfare program is outside the scope of the law.

## LABOR BRIEFS

A job-bias ban will be sought by the United Packinghouse Workers (CIO) in all contracts, with Dec. 31, 1954, as the deadline. UPW wants to eliminate "all white" plants and departments, and segregated locker, lunch, and washroom facilities.

• **Organizing drive** by AFL's Office Employees International Union is getting under way, with first efforts concentrated in cities with a half-million or more population, according to OEIU. The 45,000-member, white-collar union has set up organizing conferences in New York, Pittsburgh, Chicago, and other major cities to coordinate its drive for office workers.

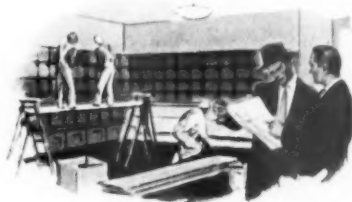
• **Fewer strikes** and smaller ones occurred in September than in the previous month, the Bureau of Labor Statistics reports. Some 375 new strikes started as against 450 in August, and dispute idleness dropped 50% in September.

• **New contracts** covering 18,000 AFL and CIO employees of International Shoe Co. in 50 plants call for no general wage boost, but tie pay for two years to BLS' living-cost index. Wages will be adjusted upward semiannually if costs rise, but can't drop below present rates if the index drops. The company agreed to pay the costs of a hospitalization, medical, and accident insurance program. Settlements ended a joint AFL-CIO strike threat.

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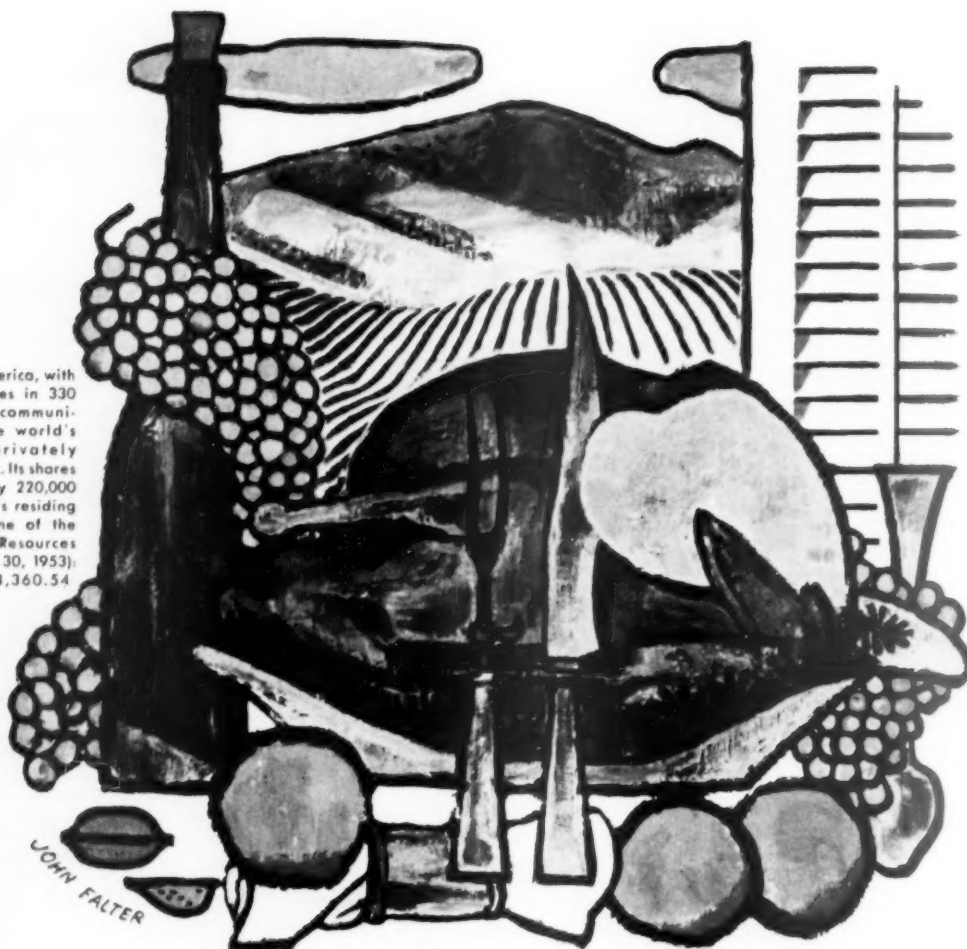
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# PERSONAL BUSINESS

BUSINESS WEEK

NOV. 14, 1953



Watch out for one big pitfall in the income-tax cut that goes into effect Jan. 1:

If you defer too much income to 1954 to take advantage of the lower rate, you may put yourself in a higher tax bracket. You could then wind up actually paying out more in taxes than you do now.

Careful figuring now can give you a nice break—not only in the taxes you'll pay next year, but in your 1953 taxes as well. Two basic factors account for this:

- By deferring some of your 1953 income to next year, you can take advantage of the lower rates when you make out your 1954 tax. That rate will be at the 1951 level—roughly 10% lower than what you've paid since.
- By prepaying certain 1954 deductions this year, you can whittle down this year's tax below what it would otherwise be. The rate drop will offset loss of these deductions next year.

Both moves require care—and some knowledge of the ground rules. Remember that you can't take deductions unless you actually make the payments. That means you're limited by what you can pay in advance.

Take a look at the interest on your notes, mortgages, insurance policies, and the like, which you know will come due next year. If you pay the interest now, you can deduct it from this year's tax return.

The same thing applies to contributions. Make next year's donations to church and charities before Dec. 31. Also, pay this year's state tax now—if you live in a state that allows this.

It may pay to borrow the money to make these advance payments. Then you can take the interest you will pay on the loan as a deduction later.

Shifting income to 1954 can be tricky. It's got to be a legitimate shift—you can't make it merely by postponing until next year income that you have a right to receive in 1953. Some qualifying factors—such as the right of your employer to retain payment—can shift income to next year.

Here are some examples of ways to defer income:

- Any additional compensation not already contracted for—or not understood to be due this year—might be paid to you in 1954.

That includes bonuses and Christmas gifts.

- If you're making a new contract for services that goes into effect now, have the agreement provide for you to get the payments in 1954.

- Try to get your dividend payments postponed till next year. Corporations in which you hold stock may be able to do it—particularly if they are small, closed companies.

- Watch out for income that comes from interest. Remember the rule that first payments are for interest unless the parties stipulate otherwise. Take principal payments only in 1953.

- Hold up on any billings you may have for services in order to put off their payment until after the first of the year.

Don't forget that the tax on long-term capital gains also drops—from 26% to 25%.

# PERSONAL BUSINESS (Continued)

BUSINESS WEEK

NOV. 14, 1953

You get a saving, taxwise, if you postpone the sale of property on which you expect to make a gain next year. On a sale that's already started, you can arrange to delay the passage of title.

You can reverse all these procedures, of course, if you know definitely that your income will take a big jump next year. Taking all your more flexible income now—plus postponing rather than prepaying deductions—might be enough to keep you from entering a higher tax bracket.

Either way, figure your situation carefully. How you can best take advantage of the lower tax depends on your individual case.

—●—  
A warning on winter driving comes from the National Safety Council: **Don't put too much faith in so-called "anti-skid bars."**

The skid-bars are inertia-type devices, consisting of a tube about three feet long fastened rigidly to the rear of the car. Inside the tube is a weight, which tends to move in such a way as to offset the skid.

Extensive tests by the council last winter "failed to prove that the devices tested were effective in the prevention of skidding during vehicle operation on ice and snow-covered surfaces."

The council also warns that chains are still your best anti-skid bet. Don't expect snow tires to do their job. On glare ice, snow tires are only slightly better than regular tires in stopping ability, are about halfway between conventional tires and chains on hard-packed snow.

Snow tires are adequate enough for traction in soft snow. But when conditions get slippery, you'll need chains as well for maximum safety.

Be sure of proper inflation of any tires. Over-inflated tires will skid easier on wet or icy streets. Under-inflation causes excessive wear.

Make sure your battery is good and strong. Turning over a cold engine, greater use of headlights, and heater operation mean a greater drain.

—●—  
You can now check accurately on friends you suspect of loading your drinks (or vice versa). A pencil-sized instrument called the Whiskometer is said to measure the strength of any liquor, beer, or mixed drinks.

You can get it for \$1.95 (set of eight: \$13.95) at Kruse-Rieke, Auburn, Ind.

—●—  
The accident rate among hunters will probably be the highest in history this season. The tremendous increase in hunting popularity has brought an alarming rise in carelessness.

Some authorities suggest that you help overcome this by taking a boy hunting with you this year.

You'll protect him later by teaching him the basic rules of safety now.

For example: Show him why a hunter should never climb a fence with a loaded gun in his hand, how one companion should hand both guns over after the other is safely across the fence. And teach him how easy—and important—it is to keep the gun safety on.

Such instruction will not only help him. It will heighten your own awareness of the dangers.





Courtesy National Theatre Supply Co.

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As shown in the inset above, the "Timing" Belt Drive in a typical system provides a precise mechanical connection between the motor of a conventional projector and an added self-synchronizing motor. Two similarly equipped projectors are required. The self-synchronizing motors, when electrically interconnected, *must* maintain exactly the same speed of rotation, and so serve as controls on the two projector motors to provide perfect frame-for-frame synchronization of the two pictures.

The Gilmer "Timing" Belt Drive has proved ideal for this application because it remains free of troublesome backlash and "sloppiness" indefinitely; requires no lubrication or oil-retaining housing; operates in any plane, regardless of projector tilt; is relatively inexpensive; can be removed or replaced in seconds; runs quietly and transmits constant angular velocity, so causes no flutter or "wow" in the sound system.

If your product contains a drive—from 1/100 to 300 HP—demanding precise synchronization or highest mechanical efficiency in power transmission, it will pay you to consult your local NYB&P distributor or write New York Belting & Packing Co., Gilmer "Timing" Belt Division, Tacony, Philadelphia 35, Pa.



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# REGIONS



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## Wanted: a

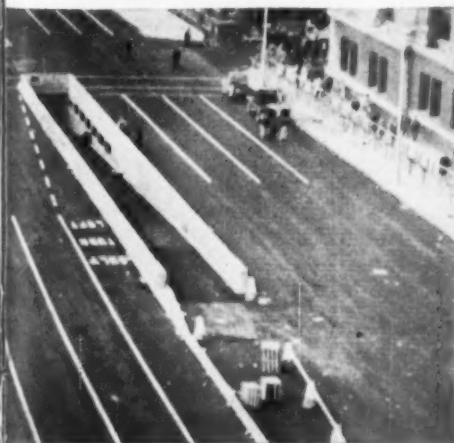
In the past eight years the automobile industry has been turning out cars—and selling them—at an unprecedented rate. As a result, there are so many cars around today that there is literally no place to put them—at least in downtown areas of most major cities. Almost everywhere, downtown parking facilities fail to keep up with demand.

Before the war, the business of supplying off-street parking space was universally conceded to be the job of private enterprise. Now it's different. A BUSINESS WEEK survey this week shows many major cities have decided that their self-preservation depends on finding solutions for the parking problem.

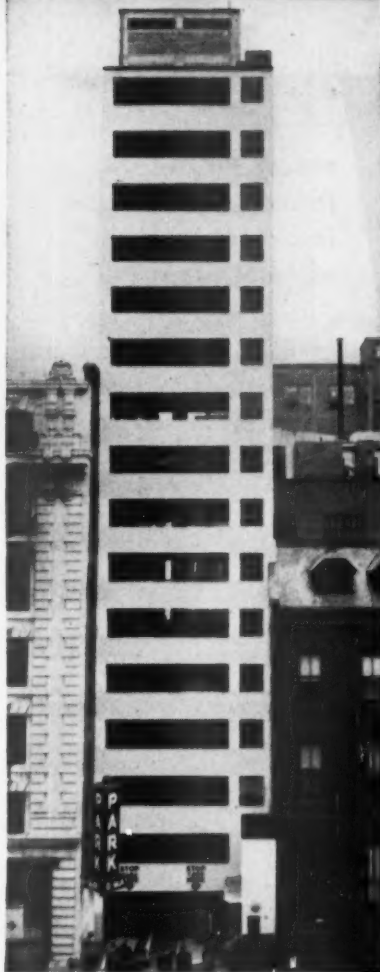
• **Two Approaches**—Cities have different problems, but all agree on one thing: More off-street parking space must be provided—as soon as possible, in the right place, and at the right price. Beyond that, ideas range between two contrasting approaches:



parking. Installing meters is one of three ways are also trying . . .



beneath Michigan Boulevard, Chicago. The other way to gain downtown parking space is . . .



PARKING GARAGES, like this one in Washington, D. C., with automatic elevators.

## Lot More Parking Space

• Leave the job as much as possible to private enterprise. Says the Atlanta Parking Commission: "Power to finance, build, and own parking facilities should not be given either to the city government or to any special governmental authority."

• Have the city do most of the job itself. Chicago is perhaps the major example of this type of thinking. The city has already sold \$22.6-million worth of revenue bonds mostly to build nine parking garages with nearly 7,000 parking spaces in the Loop and near North Side business area. In addition, the Chicago Park District already operates two parking lots with a total of 4,000 spaces and is building an underground garage (picture) for 2,360 cars.

• Variations—There are many points between these two extremes. Some cities will provide the land if private companies will build and operate the parking facilities. This sometimes in-

volves only land already owned by the city; sometimes it includes use of the city's condemnation power to acquire land.

Some cities are building the needed facilities themselves and then turning them over to private operators. In at least one city—Baltimore—the city lends money to private operators to help finance new parking garages.

• Fringe Parking—All these methods work primarily to create new downtown parking facilities. But many traffic experts are not convinced that new downtown off-street facilities are the only solution. Indeed, the recent study of downtown Boston by Boston University's College of Business Administration (BW—Oct. 24 '53, p41) concluded that they are not the best solution.

For the long-term preservation of the economy of downtown areas, the study found, the best solution is to persuade people to park on the outskirts of the

# J.W. DANT

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enamel plant

● From start to finish, spraying to drying to firing furnaces and finally to storage one single MonoRail system provides a continual flow operation at this porcelain enamel plant. The same racks loaded at the spray booths carry the ware into and out of firing furnaces. Many of the handling operations once unavoidable are now eliminated. Savings in labor alone has fully justified the investment in this system. And true of all American MonoRail Overhead Handling Installations is the extremely low maintenance cost.

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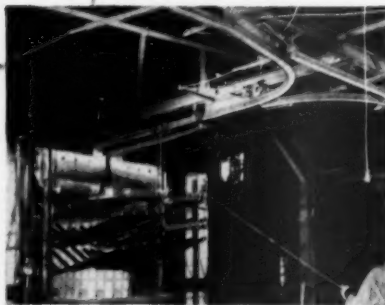


AMERICAN

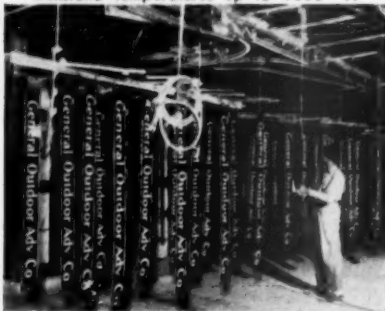
OVERHEAD  
HANDLING  
EQUIPMENT

# MonoRAIL COMPANY

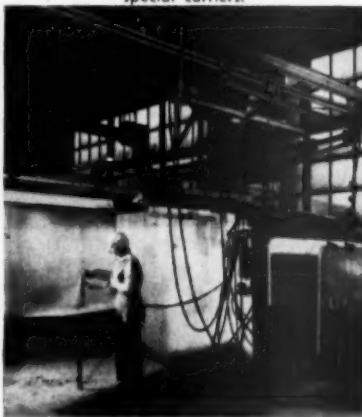
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MonoRail over furnaces allow rapid in-out movement. Carriers made of special alloy withstand temperatures up to 1800° F.



MonoRail carries ware throughout entire plant with no rehandling from special carriers.



Ground coat as well as a large variety of colors are used. Ware is hung on special MonoRail carriers after spraying.



RULES mean nothing if they aren't enforced. Scene is a New York side street.

downtown area and to use some form of public transportation to complete the trip.

There are many who agree with this point of view. The head of a major Philadelphia department store, for instance, puts it this way: "A single trolley can put more customers into the store—and put them there in a better mood to shop—than two dozen private cars occupied by a single shopper each."

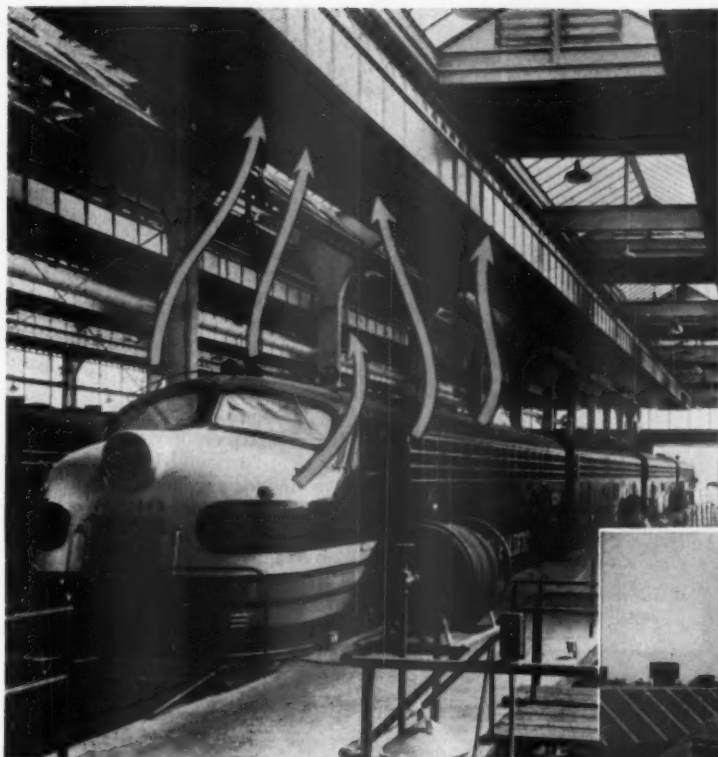
But this so-called "fringe parking" isn't always the answer, either. "The District of Columbia tried fringe parking," says a Washington traffic expert, "and it didn't work. The probable reason was that they charged a fee for use of the fringe lots, and a man could drive in more cheaply than he could park and take a bus."

• **No Cure-all**—There is no single answer. "Before you try to provide new parking facilities," says T. T. Wiley, New York City's Traffic Commissioner, "you have to decide who you want to provide it for."

Wiley divided parkers into four distinct groups: (1) all-night; (2) all-day; (3) short-term; and (4) medium-term. Of these, he says, the all-night parker is essentially a problem of the residential districts rather than of the downtown area, and has to be treated separately.

Short-term parkers include many businessmen who use their cars to get around, plus shoppers who make quick purchases and drive on. Medium-term parkers include shoppers who are just looking around, plus people who come into town for a meeting or a show. These two groups Wiley lumps as "productive traffic"—they contribute to the business life of the city, and providing for them is a necessity, not just a convenience.

The all-day parker, on the other



# DEODORIZING DIESELS

## HOW SOUTHERN PACIFIC VENTILATED ITS ROSEVILLE ROUNDHOUSE WITH JOY AXIVANE® FANS



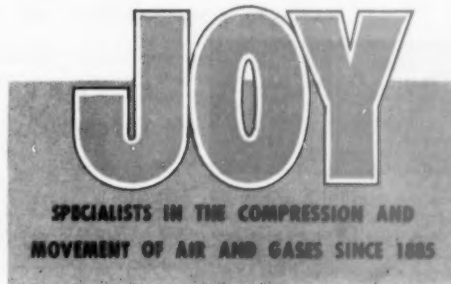
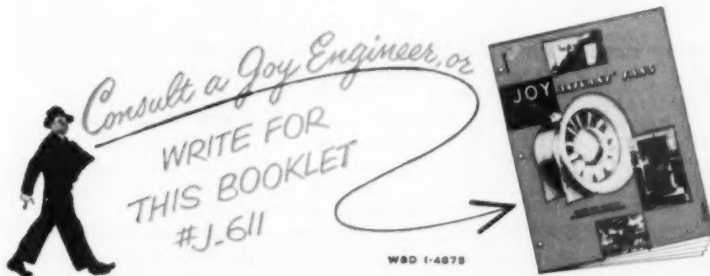
When in need of servicing, the diesel locomotives of Southern Pacific are driven into the roundhouse and parked under long ceiling hoods. As the engines are raced or idled, the customary fumes are emitted from the exhaust. BUT, you have to sniff hard to catch even a faint whiff of diesel fumes in the roundhouse!

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**136 MODELS.** The Joy Axivane Fan line is a wide one: Capacities range up to 200,000 CFM and pressures top 11" wg. Some models will nestle in the palm of your hand while others would dwarf your home. Want the whole story? Write for our Bulletin J-611, TODAY. Joy Manufacturing Company, Oliver Building, Pittsburgh 22, Pa., In Canada: Joy Manufacturing Company (Canada) Limited, Galt, Ontario.



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hand, is the fellow who likes the convenience of commuting by car and parking right in front of where he works. Since he represents strictly non-productive traffic, Wiley says, the first problem is to find some way to move him out and leave curb parking for productive traffic.

• **More Harm Than Good**—The idea that "there's a shortage of parking space, so let's build some more" can actually do more harm than good, Wiley believes. The wrong kind of facilities may, for instance, attract more nonproductive all-day traffic into town. This doesn't help the short-term parker; it even worsens the over-all traffic problem by boosting the rush-hour peak load that the streets have to carry.

Wiley feels strongly that cities can't afford to provide for the all-day parker downtown—not only can't afford to park him, but can't afford to build the extra streets, bridges, and tunnels to bring him in and take him home.

• **Three-way Plan**—The ideal solution, Wiley says, involves: (1) metered curbside parking or metered lots for the short-term parker; (2) supervised lots of parking garages for the medium-term parker (with rates that get steadily steeper the longer a car is left, to discourage all-day parking); and (3) a combination of fringe parking lots and excellent rapid transit to convince the all-day parker that he's really better off not to bring his car downtown.

Many cities ban all parking during business hours, either throughout the downtown area or on one or more major downtown streets. This practice is spreading: Philadelphia adopted it for the whole downtown area last Christmas (BW—Jan.10'53,p78), and Dallas has just banned all parking on three major downtown arteries (BW—Sep.19'53,p156). But this is essentially a device to speed traffic movement; it actually makes scarce parking space even scarcer.

• **Roundup**—Here's what a few cities are doing about the parking problem, as shown by the BUSINESS WEEK survey:

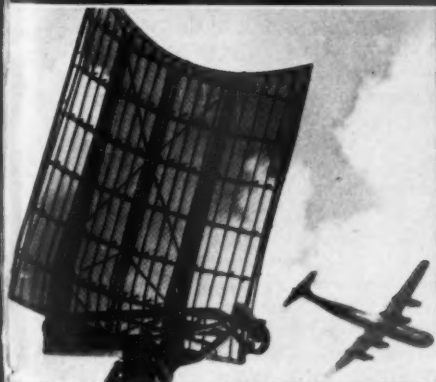
**Buffalo** will start work next year on four garages, with space for 2,000 cars. The city will use its condemnation power and borrowing capacity to get sites and build the garages; they will be operated by special corporations set up by Buffalo's retailers.

**Detroit** set up a City Parking System about a year ago, turned over to it all parking meter revenues, and gave it authority to issue revenue bonds to finance construction of parking garages and lots. Major projects will be two huge garages, one underground and one above, to cost a total of \$3-million and have space for 1,500 cars.

**Hartford** is teaming up with its leading department store to get two new parking garages. Last week, G. Fox &



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**Safer Air Travel** is ours, thanks to giant radar antennas like this that figure importantly in the ground-control approach systems at many airports. Made of tough, long-lasting stainless steel, the antenna shown here is corrosion-resistant, strong, will retain its critical shape. Only steel can do so many jobs so well.



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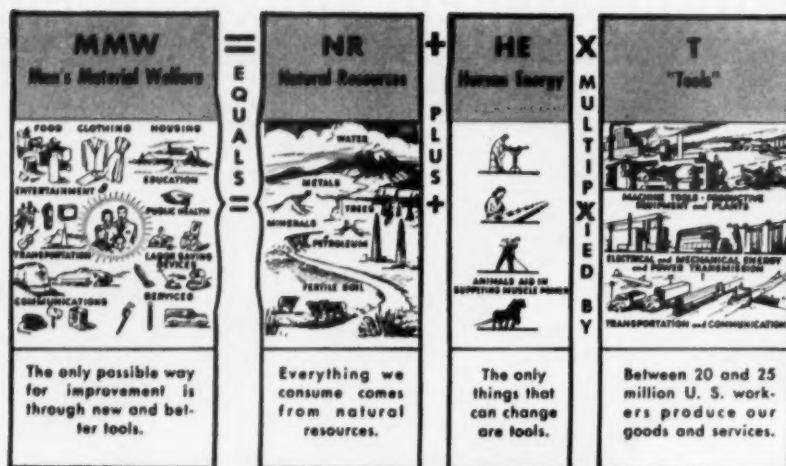


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UNITED STATES STEEL HOMES, INC. • UNION SUPPLY COMPANY • UNITED STATES STEEL EXPORT COMPANY • UNIVERSAL ATLAS CEMENT COMPANY 3-2028C



## The 5th Plate Will Be Filled

Statisticians estimate a U.S. population in 1975 of 190 million. They dramatize it in terms of the "fifth plate" to be at the dinner table now set for four.

At the present rate of production per acre, there is not enough good land in the U.S. to grow the additional food that will be needed. Most of it must come from greater yield and reduced spoilage. Soil erosion must be controlled, soil feeding increased. Insects and rodents must be attacked more vigorously. Crop storage must be improved.

To do these jobs, more and better "tools" such as farm machines, refrigeration and food processing equipment, power plants and others must be provided.

\* \* \*

There is no doubt the American economic system will successfully meet this challenge. The history of this country has been one of abundant food supply, created by our use of tremendous numbers of "tools":

In 1910, using only 1,000 tractors and 24 million horses and mules, it took 30% of the working population to raise the nation's food.

In 1952, using over 4 million tractors (of a total of 24 million farm machines) and 5½ million horses and mules, 15% of the workers were able to produce more than enough food for all.

85% of the U.S. workers now do something other than raise food. They comprise only 5% of the world's working force, but they produce nearly half of all the comfort goods in the world.

Our economic system assures our ability not only to feed our growing population, but to provide it luxuries as well.

\* \* \*

The "tools" to produce food must be made with industrial "tools". Among these is the contour-cutting band machine originated by The DoALL Company.



DoALL BAND MACHINES will handle hundreds of miscellaneous cutting jobs as well as production runs on identical parts.

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The machine was first used in tool rooms for cutting tool steel. It could often do in one hour, work requiring eight hours when done by previous methods. Soon it was used on production lines for making special shapes, parts, etc.

Its versatility was then applied to other materials, from aluminum to zinc, including plastics, wood, sponge, rubber, stacks of cloth, cardboard, glass, ceramics and brittle materials. Special bands are used for these applications.

Band machines are now used in more plants and more industries than any other machine tool. Data on band machines and band tools as well as on DoALL precision surface grinders, cutting tools, gage blocks and tool steel is available upon request.



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Co. opened a 600-car ramp garage, which it built for \$1-million on city-owned property. On completion, Fox turned the garage over to the city, then leased it back for 20 years at \$6,000 a year. Fox expects to recover its construction cost in that period; after that, the garage reverts to the city. The city itself is building a 1,000-car garage nearby.

Houston has few parking problems, despite the fact that per-family car ownership is higher there than in most other cities. Reasons: wide streets, many open lots right in the business district, and a one-way traffic system that's been in effect for 30 years.

Milwaukee is getting action from both public and private sources. The city is set to build 21 parking projects at a total cost of nearly \$3-million. Private lots accommodating 3,600 cars are operated on 112 separate parcels of city-owned land. A new corporation formed by downtown businessmen now has two lots and plans for up to 20 more; rates are graduated upward to discourage long-term parkers.

Phoenix businessmen have just set up a similar corporation. It plans to build a 275-car three-level shelf parking garage within six months, on a lot it already owns; it plans eventually to circle the downtown district with similar projects.

Pittsburgh has a Parking Authority that has completed two garages with 1,500 spaces, and is now building a 950-car underground facility. Its major long-range program, however, is stymied by a court decision that city-owned facilities can't sell gas or oil or offer any other revenue-producing service except parking.

Providence has converted downtown Pershing Square into a 400-car metered municipal lot. And United Traction Co., which operates the city's bus lines, has just opened a lot on the edge of town; parking is free for four hours, costs 25¢ for longer than that. If it works, others will be set up.

San Francisco has one of the earliest municipal underground garages, which it built in 1942 under Union Square. The Parking Authority is building another, under St. Mary's Square. It has carefully worked out a long-term plan, but, in response to heavy pressure, it has promised to supplement this with a short-term plan for some immediate relief. A detailed announcement is expected by the end of the month.

Wilmington, Del., is building a \$6-million, four-level parking garage on a square block right in the heart of downtown. A special act of the state legislature permits the Parking Authority to rent ground-floor space to retail stores; 32 applications are on file. This extra revenue will allow far lower parking rates than would otherwise be necessary.



Even Bronko Nagurski, former All-American fullback and now professional wrestling star, can't break it!

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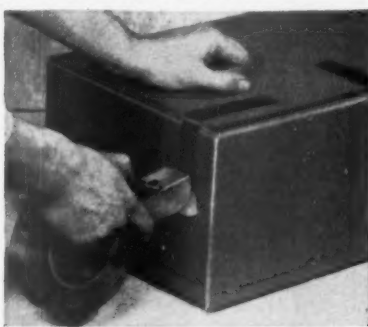
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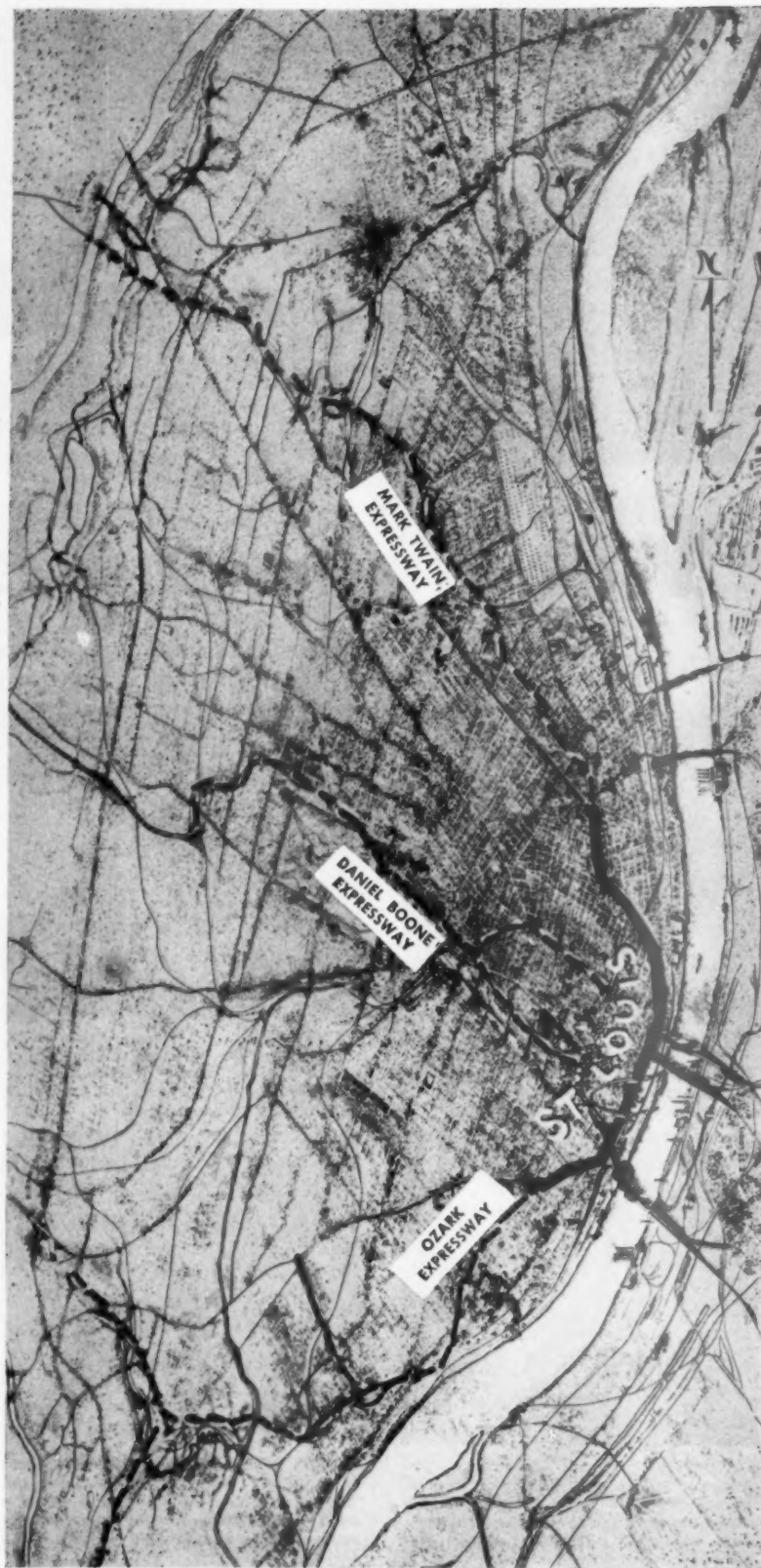
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## St. Louis Waited 25 Years

Anyone who deals with city planning knows that the need for getting traffic easily in and out of downtown business areas comes ahead of practically everything else. But anyone who has ever been mixed up in a campaign to provide access to the older parts of a city knows that practically nothing can be more frustrating.

Take St. Louis as an example. Businessmen and engineers started dreaming in 1925 of a riverside expressway, a mere five or six miles long. And only now can St. Louis look forward to riding on a dream that started 28 years ago. Nearly half of the Third Street Interregional Highway (map and pictures) is scheduled to start carrying traffic next year. The other, bigger "half" is still in the land-acquisition stage.

• **Roadblocks**—From the beginning, the project advanced by fits and starts—the same way traffic moves through the city's downtown streets. It had five major crises: 1925-28, 1933, 1941, 1948-49, and 1952.

When the expressway was first proposed in 1925, the city was already worrying about traffic congestion in the old business district, where the streets were "laid out by Spanish and French ex-carts."

Yet those were days when the Model T was the dominant species among the 19.9-million motor vehicles registered in the U. S. (the figure is now 55-million), when the country had only 521,000 mi. of paved highways out of a 3-million-mi. total (about 1.7-million mi. are paved now).

In its rocky course, while the number of cars on the road doubled and nearly tripled, the expressway project was pushed more and more urgently by businessmen and city planners, and was fought bitterly by such groups as:

- People who lived or carried on businesses within the area that would have to be cleared.

- Local politicians who had vested interests in this predominantly Democratic district.

- History-lovers who deplored plans to raze a dozen or more old landmarks and who feared encroachment on a projected \$30-million memorial to Thomas Jefferson's role in the nation's westward expansion—via St. Louis.

These objections that stalled the St. Louis project for more than a quarter-century add up to a hard truth: The oldest parts of a city, which most need modern streets and expressways, are the most resistant to change. If anything is going to be done, the citizens

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from other parts of town will have to do it. And the chances are that they will find it a heartbreaking job.

• **Pressure Off**—The Third Street highway, however, is pure joy to the department stores and other retailers in the adjacent downtown shopping district. They see 14,000 cars taken out of the clogged streets of the business area, freeing traffic to flow instead of trickle. Shoppers and workers will pour in and out from the northwest and the southwest instead of battling traffic jams on east-west streets.

The Third Street expressway is planned some time to connect on the south with the proposed Ozark Expressway, and on the north with the proposed Mark Twain Expressway (map, page 194). And there are plans, too, for a huge underground parking garage at the Jefferson memorial site, opposite the downtown center.

• **Progress Report**—Over-all, the Third Street highway will stretch 5.2-mi. from Natural Bridge Avenue on the north to Gravois Avenue on the south. From points slightly inland, it curves toward the Mississippi River, passing the Jefferson memorial tract on the inland side.

Between Eighth Street and Park Avenue to Third and Gratiot Streets, the road is carried on a 3,500-ft. overpass. On its northwest leg, from Washington Avenue to Natural Bridge Avenue, it will be mostly below ground level.

Construction is moving well on the \$13-million, 2.2-mi. southern section, which extends as far as Washington Avenue. Right of way is being bought for the \$16-million, 3-mi. northern section. The city has put up \$1.5-million of its \$3.5-million share of the right of way cost. The state is paying the other \$3.5-million for land acquisition; the state and federal governments will split the cost for construction.

• **Hardly a Man . . .**—Not many of the original proponents of the Third Street project are still alive to see it turn into concrete. However, Frank E. Lawrence, secretary of the Chamber of Commerce, was secretary for the St. Louis Planning Commission that drew up the "Central Riverfront Plan" in 1925-28. And Harland Bartholomew, a consulting engineer who is still active in promoting the project, was engineer in charge of that study.

The 1925-28 plan got enthusiastic response from newspapers and business leaders, but the 1929 crash put an end to the idea.

Interest perked up again in 1933, after Bernard F. Dickmann, a Democrat, became mayor. Eleven civic bodies banded together in a Progress Council headed by Morton J. May, president of Famous Barr Co., big department store. But the project was emasculated by the Board of Aldermen and dropped in favor of pressure for the Jefferson memorial.

• **Gateway to West**—In 1935, an 82.5-acre tract along the river was designated as a National Historic Site. By 1942, all the land had been acquired and cleared. The city supplied \$2.25-million of the cost; the federal government, the rest.

The Jefferson National Expansion Memorial Assn., composed of St. Louis people, held a nationwide contest for a monument design. The winning design calls for a \$30-million memorial centering around a 590-ft. stainless steel arch symbolizing "The Gateway to the West." The site includes the spot where title to the Louisiana Purchase was proclaimed in 1804.

• **Fight Reopened**—As clearing of the 82.5-acre memorial tract neared completion in 1941, the battle for Third Street was reopened by Sidney R. Baer, treasurer and vice-chairman of Stix, Baer & Fuller Co., Washington Avenue department store.

Baer wrote an open letter published in St. Louis newspapers. He got a lot of editorial backing, and city officials quickly drew plans for a six-lane highway. Then the stalling began.

Every suggested route was howled down by people who would be displaced. And Anthony M. Webbe, a state senator who lived most of his life in the southern half of the route, took up the cudgels in the legislature. Webbe, who died last July, declared the people living in the 800 homes in this segment of the proposed route wouldn't be able to find low-cost housing elsewhere.

• **Stopped in '49**—When the city and state showed signs of going ahead anyhow, Webbe introduced a bill in the legislature for a two-year moratorium on eviction of residents. The Chamber of Commerce, newspapers, and individual businessmen fought hard, but the bill was passed. The governor, Forrest Smith, signed it.

Myer Ableman of the state highway department went ahead with voluntary acquisition of property on the route, but there were, of course, many holdouts. Many residents were relocated, however, with help of a special land commissioner's office.

Late in 1950, Sen. Webbe prepared a bill for another two-year delay. But proponents of the project were better organized, and Webbe's bill was crippled by amendments in 1951-52. The southern half of the project was started right away.

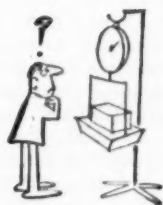
• **Fight in North**—This year, the northern section faced a similar delay. Webbe's mantle fell on two North St. Louis legislators, who introduced a bill for a five-year moratorium on the taking of residential property. But the bill was killed in committee by a 2-1 margin, the city put up its first funds for land acquisition, and the project was on its way.





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## REGIONS BRIEFS

Northern New England is due for a lift when Great Northern Paper Co., Millinocket, Me., completes a planned \$32-million expansion. It will tee off by installing one of the largest newsprint paper machines in North America.

Mid-ocean water shortage: Hawaii, ringed with thousands of miles of ocean, is suffering its worst drought in decades. It has joined western states in appealing to President Eisenhower for emergency aid for its cattle industry.

Railway freight rates on steel shipped into Oklahoma have been cut 25%-30% on order of the Interstate Commerce Commission. The Southwest for years has paid rates higher than other areas east of the Rockies. Oklahoma industry figures the freight savings of from \$1.84 to \$9.24 a ton will give it a big competitive boost.

Something smells in Evansville, Ind.—namely the city's water. With its source, the Ohio River, in a low stage, the water has taken on a musty odor and taste, believed to be caused by algae, minute plant life. The State Board of Health doesn't know quite what to do about it, but says algae have never been proved harmful to people.

Cincinnati's attempt to annex a 73-acre industrialized tract on its border, which includes Ford Motor Co.'s automatic-transmission plant, will wind up in the Ohio Supreme Court. The battle started when Ford and several other firms filed two suits, one enjoining the city from putting annexation into effect and a second asking for an incorporation vote in neighboring Fairfax.

Turnpike notes: Pennsylvania plans a \$250-million, 125-mi. northeast extension of its turnpike via Allentown-Bethlehem to Scranton, Wilkes-Barre, and the New York State line near Binghamton; construction will start early next year. Cost is more than all the rest of the state's turnpike system lumped together. . . . Ohio's Turnpike Commission is winning its fight to keep the highway free of billboards. Three suits have challenged the commission's power to ban the signs; it has won all three. . . . Constitutionality of Wisconsin's toll-road law, passed by the 1953 session of the legislature, has been upheld by the state supreme court.

Denver gets another new industry: The American Humane Assn. will shift its headquarters there from Albany, N. Y.

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## The Voters Speak

Now that the November election returns are all in, there is little doubt that the voting, scattered though it was, reflects an ebbing of the popular tide that swept the Republicans into office a year ago. Local issues and individual candidates were instrumental in many cases, but no shrewd politician viewing the entire returns, from both cities and the farms, can avoid the conclusion that the electorate is disappointed with the Administration's record to date.

This feeling of disappointment is not just a case of a traditional reaction against the "ins." The result comes as no surprise even to supporters of the Administration who have recognized that the new regime has taken rather longer to establish control and confidence in its job than had been hoped. The magnitude of the task is, of course, far greater than at first realized, but the fact remains that up until now, the new Administration has not produced any comprehensive program that could serve as a rallying point for all its supporters in or out of Congress.

Moreover, the President's most ardent admirers have been unable to suppress their belief that the country would like to see the President exert stronger and more aggressive leadership. The recent vote can only serve as a fairly sharp reminder to the Republicans that they must improve their performance. In characterizing the elections as skirmishes, President Eisenhower himself plainly puts this interpretation on the vote. He has announced that the Administration will come up with a program calling for action.

Leadership from the executive, however, is not enough. Republicans in Congress must cooperate in the carrying out of plans, or else be confronted with losing their already slim control. Thus, when the President asserts his leadership more strongly, Congress must show more effectiveness in supporting him. It must submit to the kind of responsible party discipline that was never required in the twenty years out of power. Without more effective cooperation between the White House and the Hill in the coming session, the Republicans will be hard put to retain their slim control of Congress.

## Plans—Not Talk

American industry's high rate of capital investment, which has been a potent force throughout the postwar boom, will stay high. This is the most significant fact emerging from the preliminary report of the seventh annual McGraw-Hill survey of business plans for new plants and equipment (BW—Nov. 7 '53, p192). In 1953, capital spending will break all records as defense expansion programs are completed. Yet American businessmen are planning to invest only about 5% less during the next twelve months, which will make 1954

the second best year for the capital goods industry.

This is industry's positive response to the challenge posed by the slowing down of the defense boom. It means a continued expansion in capacity despite some shrinkage in sales and orders. It also means greater efficiency. Together this will bring more new goods at lower costs—something customers like. That businessmen are investing is evidence of their confidence that consumers will spend.

Never before has industry reacted with such concrete determination in the face of widespread uncertainty. For example, prior to World War II expenditures for capital equipment were almost always haphazard and unplanned.

Even as late as 1948-49, businessmen were wary of planning ahead. Their estimates, as the McGraw-Hill survey then showed, were subject to big and rapid changes. But today the majority of companies have made careful long-range plans for plant improvements. More than two-thirds of the companies surveyed now prepare plans two years ahead.

It is also important that management, by and large, is prepared to invest such large amounts at a time when talk of recession grows stronger. Many companies have made their plans in anticipation of some decline—solid evidence that whatever the short-term outlooks may bring, businessmen feel confident about the future. In itself this confidence, backed by a high level of capital spending, will help counter any economic downturn.

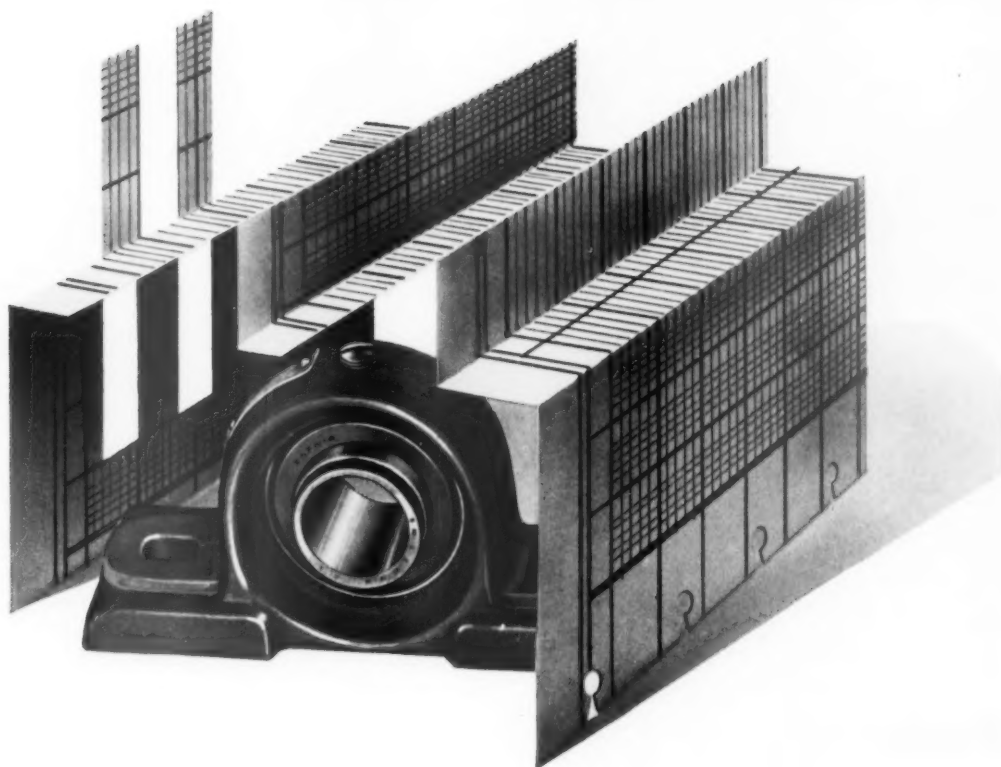
## Hedging against Trouble

Business has been offered new incentives to build or expand defense plans in areas of chronic labor surplus. The Office of Defense Mobilization is offering fast and large tax write-off allowances—up to 100% in some cases—to companies that locate in "islands of employment" now existing in 17 major and 22 smaller urban centers.

This supplants the policy permitting firms in labor surplus areas to get defense contracts by merely matching the lowest bid submitted. The old "bid-matching" policy accounted for some \$56-million in defense contracts in distressed areas over the past two years. Nevertheless there were many complaints that it was wasteful and unfair.

Under this new program only a portion of all contracts will be set aside for firms in the distressed areas provided they can meet low bids. The chief benefit will go to plants locating in such unemployment centers as Lowell, Mass., or Scranton, Pa., in the form of large write-offs. Thus the policy will not only give aid to plants already in these areas, but to new enterprises.

Except for the 39 areas designated by the Dept. of Labor, unemployment throughout the nation is close to record lows. But this program can operate in other places if trouble develops. We believe the Administration has come up with a wise and forward-looking plan.



## LOW-COST HOUSING PROJECT ...for management!

If it hadn't been for a *housing* problem, industry might have modernized years ago with ball bearings . . . in plant equipment as well as products. There never was any question of the advantages of ball bearings for power transmission. But, bearings must be housed, and housings were often complicated and costly to design.

Then Fafnir developed a line of transmission units which included both housings and provision for lubrication. These ready-to-use "packaged" bearings offer all the advantages of ball bearing performance — savings in power, increased production and lower maintenance costs. Easy to install, Fafnir "Economy

Packages" come in shapes and sizes to fit a great variety of machines and equipment.

Here is another instance of the Fafnir attitude and aptitude for solving bearing problems. It's a way of looking at bearings from the user's point of view — an ability to come up with the right bearing to fit the need.

This "you" approach to ball bearing design (in which *top quality* is not the end but only a beginning) could have an important bearing on your problem. Fafnir's experience, remember, is more than 40 years long — and industry wide. The Fafnir Bearing Company, New Britain, Conn.

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